UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release January 15, 1935

THE PRICE SITUATION, JANUARY 1935

FARM PRICES

The general level of farm prices appears to be somewhat higher than in mid-December and over one third above the level of a year ago. The most notable advance in farm prices during the last month has been that for hogs and cattle. Meat animals comprise the largest group in the farm price index with a weight of 25 percent. Prices of this group, in percentage of the pre-war average, have long been lower than for any other group. The recent rise in prices of meat animals has, therefore, brought them more in line with prices of feeds and other farm products. Grain prices are about the same as in mid-December, whereas prices of most other farm products have been steady to higher except for some seasonal declines which have, for the most part, been less than usual. Indications point to a further increase in prices of meat animals in relation to feed prices.

The general trend of farm prices has been upward since the low point of 55 percent of pre-war was reached in early 1933. For the last 4 months the index of farm prices has averaged a little over 100, and in mid-December prices of all farm products, except potatoes and wool, were higher than a year earlier. For 1934, as a whole, farm prices averaged 90 percent of pre-war compared with 70 for 1933 and 65 for 1932 which was the lowest for any year on record. All groups of farm products showed substantial price advances in 1934 over 1933, except commercial truck crops which declined slightly, but which were still a little above the average for all other farm products.

The index of farm prices in mid-December was 101 percent of pre-war, the same as in November, compared with 78 in December 1933. The preliminary estimate of the index of prices paid by farmers in mid-December is 126, the same as for each of the previous 3 months. Consequently, the preliminary estimate of the ratio of prices received to prices paid by farmers in mid-December was unchanged from November at 80 percent of the pre-war average.

The general level of farm wage rates dropped 7 points during the last quarter of 1934. However, the index of farm wage rates on January 1 of 86 percent of the 1910-1914 average was 5 points above the level of a year earlier.

Cash income from the sale of farm products in November 1934 is estimated at $488,000,000 compared with the revised estimate of $630,000,000 in October and $512,000,000 in November 1933. The decrease in income from October to November this year was greater than usual owing to the greater than seasonal decline in the income from crops. Total cash income to farmers, including rental and benefit payments and the emergency sale of cattle, sheep and goats amounted to $561,000,000 in November compared with $524,000,000 in November last year. During the first 11 months of 1934 income from farm marketings amounted to $5,099,000,000, rental and benefit payments $400,000,000 and income from the emergency sales of cattle and sheep $105,000,000. Preliminary data upon rental and benefit payments

during December and upon emergency sale of cattle, together with the outlook for income from farm marketings now indicate that farm income during the calendar year 1934 will total between $6,100,000,000 and $6,125,000,000 compared with $5,051,000,000 in 1933.

WHOLESALE PRICES

The trend of wholesale prices has been upward since early November with prices in the first week of January at the highest level since January 1931. The most significant changes since early December have been the rise in prices of farm products, foods, hides and leather, and the decline in prices of fuel and lighting products.

The movement of wholesale prices in 1934 as compared with 1933 was characterized by greater stability in prices generally, especially for non-agricultural commodities, and a reduction in the disparity between prices of the various commodity groups.

The rise in the general index may be attributed to the rise in prices of farm products and foods as the trend of prices of other than farm and food products combined was practically constant throughout 1934. During the year prices of the raw materials group, which includes many farm products, increased considerably more than the prices of finished goods whereas prices of semi-manufactured goods at the end of 1934 were practically the same as a year earlier. Wholesale prices of all commodities averaged about 110 percent of the 1910-1914 level for 1934, the highest since 1930, compared with 96 for 1933, and the post-war low of 95 for 1932.

Wholesale prices in England and France turned upward a little in December and in Italy prices continued the slow upward trend from the low point of last July. Prices in Germany and Japan have risen somewhat in recent months, whereas prices in Canada declined from August through November. The level of wholesale prices in England, Italy, Japan, and Canada is about the same or a little higher than a year ago. Prices have advanced considerably in Germany, but less than in the United States, whereas prices in France have declined to well below the level of a year ago.

BUSINESS CONDITIONS

Industrial production in the United States made further improvement in December. Automobile production increased rapidly with the introduction of 1935 models and activity is now considerably above this time last year. The increased automobile production has been accompanied by a marked increase in steel mill activity in contrast with the usual seasonal decline in December. Textile and pig iron production also made moderate increases in December after adjustment for the usual seasonal decline. Building contracts awarded during the first 3 weeks of December declined more than seasonally. Retail sales increased more than seasonally from November to December in some lines and were somewhat higher than a year ago especially in the agricultural areas. Employment and pay rolls have shown some improvement along with improvement in industrial activity.

A review of 1934 shows that substantial recovery occurred in many lines of activity during the year. While industrial activity as a whole increased only about 3 percent over that of 1933, incomes of industrial

workers increased over 25 percent and incomes of farmers increased about 20 percent. This marked increase in incomes of consumers has been accompanied by substantial increases in retail sales. Sales of automobiles were about 32 percent larger in 1934 than in 1933, department store and variety store sales increased about 10 percent and marked increases also occurred in rural retail sales and in the sales of mail order houses. The industrial production of nondurable goods averaged slightly lower in 1934 than in 1933, but the production of durable goods (automobiles, steel and its products, and building materials) increased nearly 10 percent in 1934. The level of activity in the industries producing durable goods, however, was still only about half as high as during the years 1923-1925.

Marked improvement occurred in the financial situation during 1934. Bank failures were the smallest in many years and the insurance of certain bank deposits protected depositors against losses. Net demand deposits of member reserve banks have increased about 25 percent during the year chiefly as a result of increased purchases of government securities. A marked improvement occurred in the prices of industrial bonds and high grade bonds have reached the highest level in many years. This increase in bond prices has greatly improved the prospects for refinancing and for new financing of long term obligations. In recent months there has been an increase in the refinancing of long term obligations and in the purchase of securities by life insurance companies. Further readjustment and payment of old debts has decreased the sale of distress property, and has been accompanied by an improvement in prices of farm lands, rents, and prices of residential property.

Although much progress has been made toward recovery, there are still many lines of activity which have as yet shown but little improvement from the low point of the depression. Owing to the widespread drought and the using up of the resources of individuals not steadily employed there has been a marked increase in the number of persons in need of relief during the past year. Net earnings of railroads in 1934 were lower than in 1933 which has tended to curtail the expenditures by railroads for replacements and improvements. While building contracts awarded during 1934 totaled 25 percent more than in 1933 the major proportion of the increase was due to increased public works projects, and the amount of privately financed building is still at unusually low levels.

Industrial activity in many foreign countries has shown much greater improvement than in the United States. In Japan, business activity is at the highest level in many years. In August industrial activity in Japan averaged 144 percent of the 1927 level compared with 135 percent a year earlier. Industrial activity in the United Kingdom in October was about 9 percent higher than a year earlier and nearly 10 percent above the 1924 average. Industrial activity in Germany in October was 86 percent of 1928 compared with 72 a year earlier. Marked increases in industrial production have also occurred in Canada, Norway, Sweden, Czechoslovakia, and Poland. On the other hand, industrial activity in France, Belgium, Netherlands, and China was somewhat lower in 1934 than in 1933 with the lowest levels for the year occurring in recent months.

WHEAT

Wheat prices strengthened somewhat during the latter part of December and early January. In the United States they averaged a little higher in December than in November. January 1 stocks of wheat are tentatively indicated to be about 140,000,000 bushels less than a year ago, and consequently it now seems likely that the July 1 carry-over may be about 145,000,000 bushels or less. Prospects for the 1935 wheat crop are still very uncertain. However, with the winter wheat crop tentatively indicated on the basis of December 1 conditions to be somewhere around 475,000,000 bushels, a total crop somewhat in excess of 700,000,000 bushels might result if there should be average yields of spring wheat. For average yields of spring wheat, however, somewhat more than average precipitation in the Northwest Great Plains area would be necessary during the spring months, and consequently it would not be surprising to see a total wheat crop for 1935 of somewhat less than 700,000,000 bushels. Since domestic utilization is normally about 625,000,000 bushels, this would leave only a rather small surplus of wheat available for export in the 1935-36 season. The May futures at Chicago are now running in the vicinity of 20 to 25 cents per bushel above the corresponding futures at Liverpool whereas for any significant amount of exports to take place, they would have to be 10 to 15 cents below Liverpool.

The United States average farm price of wheat as of mid-December was 90.6 cents per bushel compared with 88.1 cents in November, and 67.3 cents for December 1933. Market prices for the month also averaged higher. Thus No. 2 Hard Winter at Kansas City averaged 104.2 cents for December compared with 101.8 cents for November. Small advances were recorded in monthly weighted averages of other representative wheats except No. 2 Amber Durum at Minneapolis which declined from 141.8 cents to 141.2 cents. Early in December there was a sharp rise in prices of both cash and futures of approximately 4 cents per bushel, the high point being reached on the 5th. Following this, however, prices gradually declined until the 20th of the month when they were slightly lower than on the 1st. During the last 10 days of December and first 10 days of January there was a slight upward tendency and on January 10, May futures at Chicago closed at 101-1/2 cents per bushel compared with 99-3/4 cents on December 1. Liverpool prices have followed a course about parallel with prices at Chicago, though their range was somewhat narrower. The May futures at the latter market have mostly been about 22 cents per bushel lower than the corresponding option at Chicago.

Generally speaking, international trade in wheat was rather quiet during December. World shipments declined from a high point of 12,429,000 bushels for the week ended November 10 to a low of 6,409,000 bushels for the week ended December 15. They continued low, averaging about 7,000,000 bushels weekly for the 3 following weeks. The December decline in world shipments is a common occurrence especially in years when new crop shipments from the Southern Hemisphere do not show a marked increase during the latter half of December. Last year world shipments showed no very marked decline during December but shipments from both Argentina and Australia began to increase about the middle of the month. This year neither of these countries showed any increase during the latter part of December. Argentine shipments declined from a level of nearly 4,000,000 bushels weekly in November to about 2,000,000 bushels weekly during the latter part of December, whereas Australian shipments fluctuated around an average level of about 2,000,000

bushels weekly throughout both months. For the week ended January 5, Argentine shipments increased to 2,945,000 bushels, the highest level since the week ended December 8, when 3,586,000 bushels were shipped.

The revised estimate of the 1934 wheat crop in the United States is 496,469,000 bushels compared with 528,978,000 in 1933 and 745,788,000 in 1932. Farm stocks as of January 1 are estimated at 136,044,000 bushels compared with 196,508,000 in 1934, and 273,012,000 on January 1, 1933. Commercial stocks as of the first of January amounted to 90,937,000 bushels compared with 132,511,000 as of January 1, 1934 and 168,465,000 bushels for the corresponding date of 1933. Murray estimates country mill and elevator stocks at 82,000,000 bushels compared with 100,000,000 in 1934 and 124,000,000 bushels in 1933. Official data on these stocks will be available January 25. Data on merchant mill stocks are not as yet available, but it is expected that they may amount to about 110,000,000 bushels, including wheat owned and stored for others and in transit, compared with 130,000,000 bushels last year and 135,000,000 bushels in 1933. Present indications, consequently, point to January 1 stocks this year of 420,000,000 bushels or 140,000,000 bushels less than a year ago and about 280,000,000 bushels less than on January 1, 1933.

Last year the July 1 carry-over was 289,000,000 bushels, there having been, during the period January to June, net exports of 17,000,000 bushels, and a domestic disappearance of 253,000,000 bushels. This year feeding of wheat will no doubt be heavier than last. The amount fed during the second half of the year will depend to a considerable degree upon the extent to which Canadian wheat is imported for feeding purposes. Large imports would tend to reduce the amount of domestic wheat fed. Similarly, although the amount used for seed will probably be larger this year than last, domestic supplies are short and a considerable amount of Canadian grown seed will be used so that total utilization of domestic wheat for seedings will no doubt be less than last year. However, most of this wheat has probably already been imported and appears in the January 1 stocks. After making allowance for a small amount of exports and a considerable amount of imports (mostly feed wheat) it seems likely that total utilization of domestic wheat and of wheat already imported may amount, during the period January to June, to about 275,000,000 bushels. Hence, if stocks as of January 1 actually prove to be about 420,000,000 bushels, this would indicate a carry-over on July 1 of around 145,000,000 bushels.

The acreage of winter wheat sown in the United States last fall was nearly 6 percent larger than that sown a year earlier, and the condition as of December 1 was 77.8 percent, compared with 74.3 percent last year, and a 10-year average (1923 through 1932) of 82.4 percent. Indications point to an abandonment in the neighborhood of 18 percent and a total crop of 475,000,000 bushels to be harvested in 1935 compared with a winter wheat crop of 405,000,000 bushels harvested in 1934 and a total of all wheat amounting to 496,000,000.

The outturn of spring wheat is far more uncertain. Last year contract signers were required to reduce their acreage 15 percent as compared with the acreage planted in the base period, whereas only a 10 percent reduction from the base period acreage is being required in 1935. This change applied to the acreage of spring wheat in the base period would permit an increase

of about 1,100,000 acres. The estimated sowings of last year amounted to 18,500,000 acres. Of course, the actual acreage seeded will depend in part upon planting conditions. It is also to be borne in mind that some of the increase in winter wheat may be at the expense of spring wheat in regions where both are grown, in which case the actually permitted increase in spring wheat would be less than suggested above.

The production for next year, however, will depend largely upon yields. The spring wheat area remains deficient in moisture and it is much too early to estimate at this time what might be expected in the way of yields. Unless yields are extremely low, however, the increased acreage might result in a production of spring wheat which together with the forecasted outturn of winter wheat might result in a total production large enough to provide some surplus for export.

CORN

Corn prices early in January were slightly below the seasonal high to date reached in the first week of December. Corn supplies, January 1, were only about half as large as a year previous. Seasonal changes in corn prices during the remainder of the heavy feeding season will depend to a considerable extent on a number of factors. These include the severity of the winter weather, the amount of damage to the winter wheat crop, the extent of terminal market receipts of corn, the condition and size of the Argentine corn crop, and the degree of further liquidation of livestock. Assuming average conditions, the January - April average price of corn is not expected to be greatly different from the December level. In seasons of short feed crops such as this one, and particularly in such seasons when hog numbers were sharply reduced, corn prices in the fall and early winter discounted the small production, and a marked advance later in the season has been infrequent.

The December 15 United States farm price of corn of 85.3 cents was sharply higher than that of November 15 of 75.7 cents. The farm price a year ago was 42.0 cents per bushel. The December 15 price was 105 percent of "parity". The advance was country-wide, except in several of the Southeastern and Western States. The change in corn prices from November 15 to December 15 was relatively greater than that for hogs, so that the number of bushels of corn required to buy 100 pounds of live hog dropped to a new low record of 6.0, the lowest since data were first assembled in 1910. For the first time, the hog-corn ratio in the North Central States of 5.9 was less than the average ratio for the United States because corn supplies were shortest in the area which usually moves the largest number of hogs to market.

Corn prices on farms, January 15, probably will be about the same as the December 15 figure. No 3 Yellow at Chiago, after advancing to a seasonal high early in December, declined slightly and during the week ended January 5 averaged 93.7 cents per bushel. In the same period, No. 3 Yellow averaged 97.0 cents at Kansas City, and 96.8 cents at St. Louis. The average of all classes and grades at five markets reached 100.0 cents for the week ended December 8, and then receded to 94.9 cents for the week ended January 5. The hog-corn ratio, based on Chicago prices, was 7.9 for the week ended January 5.

Farm prices of oats and barley were slightly higher on December 15 than a month earlier, being 53.9 cents and 79.7 cents per bushel, respectively. Market prices of both oats and barley were stronger than corn during the latter part of December and the early part of January, although corn prices have been increasing at a faster rate than either oats or barley during the last 6 months.

The light receipts of corn at the principal primary markets during December continued to reflect the small corn crop. Receipts at 13 markets during December totaled only 9,344,000 bushels compared with 8,437,000 bushels in November and the December 5-year (1929-1933) average of 19,773,000 bushels. In comparison, shipments of corn from these markets were slightly smaller in December than in November, being 10,849,000 bushels compared with 11,902,000 bushels. The December 5-year (1929-1933) average of shipments was 9,305,000 bushels. In order to maintain a level of market receipts sufficiently large to meet rather inelastic industrial demands and other requirements usually covered by shipments from primary markets, corn prices during the next several months will probably be maintained at a level sufficiently high to induce movement from farm to market. With receipts less than shipments, market stocks decreased. Commercial stocks of corn in store at the principal markets were reduced from 50,166,000 bushels, December 1, to 42,193,000 bushels January 5. A year ago, nearly 70,000,000 bushels were in store. Receipts of oats at the 13 primary markets were about as large as the shipments, and commercial stocks showed practically no change during the month, and on January 5 aggregated 23,100,000 bushels, compared with 46,777,000 bushels a year earlier.

Wet-process corn grinding (for domestic consumption) during December totaled 5,261,000 bushels compared with 4,069,000 bushels in November. The grind for both domestic consumption and export trade during November and December was about 30 percent under the unusually heavy grind a year ago, and 13 percent of the November - December 5-year average. Prices of wet-process corn products (cornstarch, corn sirup, corn sugar, etc.) remained unchanged during December, but corn sugars were weak, and prices of several types were reduced early in January. However, gluten feed and meal moved readily into consuming channels and prices advanced $1.00 per ton during December. Corn meal and brewers' grits were unchanged during December.

Farm supplies of corn, January 1, of 814,017,000 bushels were but 57 percent of those of a year ago, and less than the usual supplies in this position on April 1. Farm disappearance of corn, October through December 1934, was 560,610,000 bushels compared with 922,829,000 bushels in the same period of 1933. The January 1, 1934 farm stocks were 73.5 percent of the crop compared with 70.3 percent a year ago, 72.1 two years ago and 69.8 3 years ago. Apparently the influence of mild fall and early winter weather more than offset the relative inelasticity of certain demands for corn. Farm stocks of oats, January 1, 1935 of 346,258,000 bushels were 76 percent of a year ago, when they were also small, and 45 percent of those 2 years ago. Farm disappearance of oats during the 3 months, October - December 1934 was 100,029,000 bushels against 151,722,000 bushels in the same months last year.

Disappearance of hay and other roughage under the forage conservation program has been at a rapid rate. The diminishing supplies of domestic rough feeds may be supplemented to a considerable extent by duty-free imports

of Canadian hay and roughage. Both Canadian and United States railroads have established special rates for transporting emergency in-shipments. Effective December 30, Illinois, Iowa, Minnesota, Wisconsin and Nebraska hay and straw may move "west-bound" to South Dakota as well as "east-bound", due to a revision in the western trunk line freight rates. As an aid in relieving the feed shortage in Nebraska, the State Department of Agriculture has temporarily modified quarantine restrictions to permit in-shipments of alfalfa hay from certain counties in Idaho and Oregon, formerly barred because of alfalfa weevil infestation, but Wisconsin and Kansas have, in turn, embargoed shipments of alfalfa hay from Nebraska.

Imports of corn during November, the latest month for which official data are available, totaled 470,000 bushels of oats, 1,270,000 bushels of hay, 4,437 short tons, dutiable, and 1,951 short tons, duty free.

The 1935 corn-hog program provides for a controlled expansion of corn and hog production above the levels established in the 1934 program. Under present plans the maximum corn acreage that may be planted in 1935 is 90 percent of the base acreage. This represents an increase of about one eighth over the 1934 maximum. Contract signers will hold the number of hogs produced for market from 1935 litters to 90 percent of their base production instead of to 75 percent as provided in the 1934 contract. The new allotment is about one fifth larger than that for the past year. Contracts for the 1935 program will be offered to corn-hog producers during January.

POTATOES

Large supplies of potatoes remaining in warehouses in producing sections have tended to hold prices fairly stable at low levels during recent weeks. These large stocks, together with new supplies coming from the early Southern States, are expected to cause prices to remain at or near the present levels during the next few months.

The final estimate of the 1934 potato crop is 385,287,000 bushels, which is practically the same as the crop of 1924. Based upon December farm prices, the large 1934 crop is valued at close to $160,000,000 compared with a value of the comparatively short crop of 1933 of nearly $224,000,000.

The only important changes from the November preliminary report were a slightly increased production in the Central States and a further reduction in the West. The Western States with only 54,000,000 bushels had the shortest crop since 1924, while the eastern late-potato states with 133,000,000 bushels broke all previous records. The central late states had an average sized crop of 125,000,000 bushels. During the last ten seasons, the 30 late potato states together had a heavier crop in only 1928.

Shipments by rail and boat from the 18 surplus producing late states amounted to only 69,500 cars by the end of December, compared with 73,000 at the same time in 1933. More potatoes are being moved to market by truck this season than in 1933 because of the larger proportion of the supply being located nearer the market centers and the lower prices. Recent weekly output also has been averaging one third lighter than movement a year ago. The extent of the development of the trucking movement is indicated by a comparison of this season's rail movement with that of the 1924-25 season when the potato crop in the late states was about the same as it is this year. To January 1, 1925, total shipments via rail and boat amounted to 88,000 cars,

whereas to January 1, 1935 only 70,000 cars were so moved. The average December farm price in 1924 was around 65 cents per bushel, as aginst the recent level of 45 cents.

A very slight improvement occurred in potato prices during early January this year. The New York jobbing market on eastern stock averaged around $1.02 per 100 pounds sacked, compared with $1.00 the month before and $2.17 in early January of 1934. The light arrivals of new Florida Bliss Triumphs were selling in New York on an l.c.l. basis at $3.00 - $4.00 per 100 pounds, as against $4.00 - $4.50 a year ago. The Chicago carlot market had strengthened slightly to about 85 cents per 100 pound sack of round whites, but this was low when compared with a level of $1.54 at the same time last season. Even Idaho Russet Burbanks, which are in light supply, recently touched only $1.65 in Chicago, as against a top of $2.00 a year ago.

Sacked Green Mountains at Presque Isle, Maine, still averaged around 42 cents per 100 pounds f.o.b. in the first week in January, compared with $1.43 at this time last season, and growers in Maine were receiving only 40 cents bulk per barrel. In the western New York district, round whites brought mostly 56 cents per 100 pounds sacked in early January, the same as in December. A year ago shippers there were getting about $1.45. The f.o.b. price around Waupaca, Wisconsin, held close to 58 cents on a usual terms basis, but that was 70 cents below the level of a year earlier. Russet Rurals in Michigan had advanced slightly to 60 cents per 100 pound sack, f.o.b. shipping point, but they were about 95 cents lower than in early January 1934. Russet Burbanks in southern Idaho also strengthened slightly to about 74 cents per 100 pound sack, cash track in carlots, as against $1.02 a year ago.

The average United States farm price on December 15 had declined to 45.4 cents per bushel, or one half cent below the November price and 3-1/2 cents below the mid-October level. On December 15, 1933, growers received an average of 69.4 cents per bushel, and the December 1910-1914 average was 61.1 cents.

TOBACCO

Prices of the various types of tobacco sold at auction warehouse markets during the first week in January showed little change from the prices prevailing in December, according to reports supplied by the Agricultural Adjustment Administration. 1/ The prices reported for Virginia fire-cured (Type 21), One Sucker (Type 35) and Green River (Type 36) each were slightly higher than before the holidays, whereas the prices for Burley (Type 31) and the western fire-cured types (Nos.22, 23, and 24) were slightly lower. Sales of flue-cured tobacco (Types 11-14), were not resumed until January 14, 1935. Only about 2 or 3 percent of the 1934 flue-cured crop remains to be sold.

The price per pound shown by State reports for the month of December 1934, average as follows: Flue-cured, 18.5 cents; Burley (Ky.) 18.5 cents; Virginia fire-cured, 12.0 cents; Henderson fire-cured

1/ These reports were obtained in connection with the administration of the Kerr-Smith Tobacco Act covering sales on all markets by both contracting and noncontracting growers.

8.6 cents; One Sucker (Ky.) 7.3 cents; Green River, 8.1 cents; Virginia Sun-cured, 9.3 cents. These prices are above those for December 1933 and the highest for the month during any year since 1929. The total farm value of the 1934 crop of all types of tobacco grown in United States was estimated in December at $241,000,000 (exclusive of rental and benefit payments), which is approximately one third more than the farm value of the larger 1933 crop and above the farm value of any crop since 1929.

The total quantity of all classes of tobacco products withdrawn for consumption during November, as indicated by report of the Commissioner of Internal Revenue, in terms of leaf tobacco equivalent was more than 20 percent above the small quantity for November 1933 and the highest for the month since 1929. For the principal classes of products, the increases over November 1933 were: Cigars, 11.5 percent; cigarettes, 42.3 percent; snuff, 19.6 percent; and manufactured tobacco (smoking and chewing combined), 8.1 percent.

Exports of leaf tobacco of all types in November totaled 45,300,000 pounds. This was 26 percent below the quantity exported in October and 16 percent below the 5-year average for November, but it was above the November exports for each of the two preceding years. The decline from October 1934, was chiefly in flue-cured tobacco, which resulted from smaller takings by the United Kingdom and China. Flue-cured exports to China (including Hong Kong and Kwantung) were only slightly above 1,000,000 pounds in November, compared with a 5-year average of 13,500,000 pounds for the month. The total of 34,700,000 pounds of flue-cured tobacco exported in November was 4 percent above November 1933 but 23 percent below the 5-year average. The total of all fire-cured tobacco exported was 7,300,000 pounds which was 5 percent above November 1933 and 6 percent above the 5-year average. Burley exports of 2,000,000 pounds in November were above those of other recent months and considerably above the usual quantity for November. Exports of Maryland tobacco in November continued at a low level.

HOGS

Hog prices rose sharply during late December and early January to the highest levels since 1931, in response to a very marked reduction in marketings. The liquidation of lightweight and unfinished hogs which was in progress because of feed shortage was largely completed by mid-December, and in the subsequent weeks supplies of all hogs going to slaughter were the smallest for the season in many years. With marketings during the remainder of the winter expected to show marked decreases from a year earlier, and total hog slaughter in 1935 indicated to be the smallest since 1910, hog prices may be expected to advance to still higher levels.

After declining to $5.38 the first week in November, the weekly average price of hogs at Chicago fluctuated between $5.63 and $5.78 until mid-December and then advanced to $7.39 during the first week in January. The average for December at that market was $5.89, compared with $5.66 in November and $3.25 in December last year. The wide spread between prices of extreme lightweights and those of medium and heavy weights which prevailed during November and the first half of December has narrowed considerably in recent weeks.

Hog slaughter under Federal inspection in December, totaling 4,196,000 head, was slightly larger than that in November but was 7.4 percent smaller than in December last year and was the smallest for the month since 1921. Total inspected slaughter during the first 3 months of the current marketing year which began with last October totaled 11,765,000 head, or nearly 3 percent less than in the same period a year earlier and was the smallest for that period since 1927. In most years, slaughter during the second quarter of the marketing year (January to March) is not greatly different from that of the first quarter, but in view of the liquidation that has already taken place because of the feed shortage the number slaughtered during the second quarter of this marketing year is expected to be very much smaller than that of the first quarter. Average weights have increased slightly at some markets recently but they are still much below those of a year earlier and are considerably below normal.

The recent advance in hog prices has been more rapid than that of corn prices with the result that the hog-corn price ratio in early January, based on Chicago prices was 7.9 as compared with 5.9 a month earlier and 7.0 a year earlier. Wholesale prices of fresh pork advanced sharply during the period of rising hog prices but they have not yet reached the high levels attained last August. Prices of bacon also advanced, and those of lard and dry salt backs continued the rise which has been in progress since late October. The composite wholesale price of hog products at New York in December was $16.50, compared with $15.90 in November and $11.09 in December 1933.

The seasonal increase in stocks of pork in storage during December was somewhat greater than that in December 1933, even though hog slaughter was smaller. The seasonal increase in lard stocks was slightly smaller than that of a year earlier. Stocks of pork on January 1 totaling 691,000,000 pounds were about 21 percent larger than a month earlier, 10 percent larger than a year earlier, and 22 percent larger than the 5-year average for the month. Reported stocks on January 1 last year included about 47,000,000 pounds of sweet pickle meats held for government account for relief purposes, whereas current holdings were practically all commercial stocks. Lard stocks on January 1 totaling 118,000,000 pounds were about 11 percent smaller than those of a year earlier but were about 14 percent larger than a month earlier and 64 percent larger than the 5-year average.

The 1934 fall pig crop was about 48 percent smaller than that of a year earlier, according to the December 1 Pig Crop Report. This indicates unusually small supplies of hogs for slaughter during the 5 months, May to September 1935. The combined fall and spring pig crop of 1934, totaling 52,923,000 head, was 28,851,000 head, or 35 percent smaller than that of 1933. The December pig survey also indicated a probable decrease of 17 percent in the number of sows to farrow in the spring of 1935, as compared with a year earlier. A decrease to this extent would mean that the 1935 spring pig crop would be about 6,000,000 head smaller than the spring crop of last year and 21,000,000 smaller than the spring crop of 1933. Such a decrease would be certain to result in smaller slaughter supplies of hogs during the last 3 months of 1935 than in the corresponding period of 1934.

CATTLE

Prices of slaughter cattle during the first half of December were steady at the high level reached late in November and then advanced sharply during the second half of the month. The average weekly price of beef steers at Chicago the week ended January 5 of $8.31 was the highest since late in 1931 and compares with $4.70 for the week ended February 24, 1933, the lowest weekly average price of recent years. The advance during the latter part of December was about equally great on all grades of steers, the advance in the weekly average by grades being $1.24 for choice, $1.27 for good, $1.42 for medium and $1.29 for common. While cows and heifers also advanced during the month the actual price increases were less than with steers. The average price of beef steers at Chicago for December was $7.41 compared with $7.28 in November and $5.17 in December 1933 and was the highest for December since 1930. The average farm price of beef cattle December 15 was $3.88, compared with $3.81 November 15, and $3.12 December 15, 1933.

Market supplies of cattle continued heavy during the first half of December but tended to drop rather sharply during the latter part of the month. For the month as a whole the receipts of commercial cattle at seven leading markets of 605,000 head were 13 percent larger than in December 1933 and 1 percent larger than the 5-year December average. Inspected slaughter, which includes slaughter for both Federal and State relief organizations at inspected plants, of 1,118,000 head, was 64 percent larger than December 1933 and 78 percent above the 5-year average. While the amount of commercial slaughter in this total is not known it was doubtless somewhat larger than in December 1933 since market receipts were larger and stocker and feeder shipments smaller in December 1934. Supplies of good and choice steers at Chicago in December were much below the record supplies in December 1933 but were above the average for the preceding 5 years.

While the price advance in December was due in part to decreasing numbers and lighter weights of slaughter cattle, it also probably reflected the advancing prices of both hogs and lambs, the decrease in supplies of which was relatively greater. With a sharp reduction in the number of cattle on feed January 1, and the further increased government purchase of distress cattle in drought states of around 1,000,000 head, the supply of cattle for commercial slaughter during the next few months will probably be considerably reduced. While advances in prices as great as those of recent weeks are not to be expected, it is likely that the present price will be maintained and may gradually advance.

BUTTER

Butter price made more than the usual seasonal increase from November to December and in early January prices continued to increase even though they usually decline at that time. Butter production is less than a year earlier and stocks decidedly less, so that total supplies of domestic butter during the remainder of the feeding season will be considerably less than a year ago, and the seasonal decline in prices from the usual winter peak until the beginning of the pasture season will be less than average.

The price of 92 score butter at New York rose about 3.0 cents from early December to early January. The average price in December of 30.9 cents was 1.5 cents higher than in November and 10.8 cents higher than in December 1933, and was the highest for the month since 1930. The farm

price of butterfat in mid-December of 28.2 cents was 10.2 cents or 57 percent higher than in December 1933. The farm price of feed grains in December however, was practically twice as high as a year earlier. A pound of butterfat at farm prices was equivalent to the price of 17.6 pounds of feed grains. The price of butterfat in relation to feed grains was the lowest for the month in the 25 years for which such records are available. This unfavorable price relationship indicates relatively light production during the remainder of the feeding period.

Estimated butter production in November of 110,700,000 pounds was 4.0 percent less than a year earlier and except for 1932 was the lowest for the month since 1930. The East North Central States comprised the only group of States in which November production was greater than a year earlier. In the West North Central States the decline was 3.1 percent, in the South Central States 8.7 percent, and in the Western States about 16 percent.

Milk production per cow on January 1 was reported by crop correspondents as being the lowest on record for that date, 10.88 pounds compared with 11.46 pounds a year earlier, a decrease of 5.1 percent. This decrease in milk per cow, together with the reduction in cow numbers indicate that on January 1, total milk production was probably 9 to 10 percent less than a year earlier. Decreases in production compared with the preceding year will probably continue during the remainder of the feeding season.

Trade output of butter in November of 140,800,000 pounds was 2.5 percent larger than in November 1933. This increase in trade output together with the 22 percent increase in retail prices indicate an increase of about 25 percent in the consumer expenditures for creamery butter.

Storage stocks of butter on January 1 of 47,100,000 pounds were less than half as great as the unusually large holdings a year earlier, and also somewhat less than the 5-year average.

On January 3 the price of New Zealand butter in London was equivalent to 16.8 cents per pound, an increase of 0.8 cents per pound from early December. The price of 92-score butter in New York on January 3 was 32.8 or 16 cents more than the New Zealand price. Some New Zealand butter has been imported but as yet the imports have not been in large volume.

CHEESE

Cheese prices have increased even though production and storage stocks are decidedly larger than a year ago. The movement of cheese into consuming channels has been unusually large, and the higher prices for butter together with the prospects for low production of milk during the winter has strengthened the cheese market. It seems probable that the seasonal decline in cheese prices up to the beginning of the pasture season will be less than usual.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 12.5 cents in early December to 14.0 cents in early January. The average price in December of 12.6 cents was slightly higher than in November but 3.3 cents higher than in December 1933. The price in December was the highest for any month since October 1931.

Production of cheese continues unusually heavy. Estimated production in November of 35,800,000 pounds was 15 percent higher than a year earlier and a new high for the month. The decline in production from October to November was somewhat less than the usual seasonal decline.

Estimated American cheese production in Wisconsin in November was 83 percent larger than a year earlier. In November 1933 there was a milk strike in Wisconsin and cheese production was unusually low. New York production in November was less than half as great as a year earlier, indicating a smaller amount of surplus milk.

Trade output of cheese in November of 50,100,000 pounds was 7.4 percent higher than in November 1933. This increase in trade output occurred even though retail prices were 3.5 percent higher, and indicated an increase of about 11 percent in consumer expenditures for cheese to the highest for the month since 1930. The small supplies of meat in prospect for the coming year will stimulate cheese consumption.

Storage stocks of American cheese are large, amounting to 89,800,000 pounds on January 1 compared with 77,800,000 pounds a year earlier and the 5-year average of 66,600,000 pounds. The out-of-storage movement in December was 8,000,000 pounds compared with the 5-year aveage of 6,600,000 pounds.

Imports of cheese in November were 15 percent larger than a year earlier. Even with this increase imports were about the same as the 5-year average.

CHICKENS AND EGGS

Egg prices declined seasonally from their November peak to mid-December followed by a marked unseasonal rise in late December. With receipts and storage stocks below average the seasonal decline this year is likely to be less than usual. Farm prices of chickens have probably reached their seasonal low point and are likely to rise during the next 3 or 4 months.

Prices of special packed mid-western eggs at New York averaged 31.8 cents a dozen in December compared with 36.4 cents in November and 27.2 cents in December 1933. The farm price of eggs changed similarly, being 27.0 cents on December 15, and 21.6 cents a year before. The farm price of chickens on December 15, was 11.7 cents a pound compared with 8.6 cents a year before. Egg prices generally decline until March, this decline may be hastened by mild weather or retarded by extremely cold or stormy weather. Chicken prices usually rise from December to April or May.

Receipts of eggs at the four markets in December were 567,000 cases compared with 529,000 cases a year before and a 5-year average of 598,000 cases. Receipts of dressed poultry at the four markets in December were 56,400,000 pounds compared with 68,300,000 pounds a year before and a 5-year average of 72,500,000. Reports from mid-western country packing plants of about a 50 percent reduction from 1933 levels in receipts of eggs would indicate some reduction in market receipts in January below those of January 1934. Hatchery reports continue to show large increases in the hatching of chicks for broilers, with a 133 percent increase in November over that of a year before and 200 percent increase in orders for December delivery.

Cold storage stocks of case eggs on January 1 were 647,000 cases compared with 731,000 cases a year before and a 5-year average of 993,000 cases. Cold storage stocks of frozen poultry, now near the peak, on January 1 were 131,800,000 pounds compared with 123,500,000 pounds a year before and a 5-year average of 119,500,000 pounds.

LAMBS

Prices of slaughter lambs were fairly steady during the first half of December at the high level reached in late November. During the latter half of the month prices made a sharp increase that carried the top on lambs to the highest point since June and the general level of all slaughter lambs to the highest reached since 1934 lambs began to move in volume in May. Early in November when the lowest prices for the season were reached good and choice lambs at Chicago sold from $6.00 to $6.75, whereas early in January they sold from $8.50 to $9.35 and were the highest for the time of year since 1930. Prices of feeder lambs did not reflect the late November or December rise until the last week in December when they made a substantial advance. Price of slaughter ewes also made a sharp advance during December. The December 15 farm price of lambs was $5.01 compared with $4.84 in November and $4.92 in December 1933.

Market supplies of lambs were sharply reduced in December. Receipts at seven leading markets were the smallest for the month in over a decade being 32 percent smaller than in December 1933 and 38 percent below the 5-year December average. Inspected slaughter, however, did not show as much of a decrease as did the receipts at seven markets, being only 6 percent smaller than in December 1933 and 3 percent below the 5-year average. Because of the increasingly large proportion of lambs going direct to packers the records of market receipts are less indicative of actual slaughter supplies than they formerly were. Inspected slaughter in December also included some government ewes, few of which went through any of the seven leading markets.

Supplies of lambs are expected to be more nearly normal during the next few months than are supplies of hogs or cattle. The number on feed January 1 is perhaps not greatly different from that of a year earlier. During November and December there was a heavy movement of Texas lambs to wheat pastures in Oklahoma and Kansas and these will probably be marketed by April 1. Ordinarily they would have been pastured on grass in Texas and been marketed as grass fat yearlings in May and June. Lamb prices during the next few months will be influenced by the trend in prices of cattle and hogs, but further advances from the level reached in early January may not be great.

WOOL

Demand for wool in the Boston market has strengthened considerably since September. While manufacturers are not yet disposed to build up stocks, the rapid increase in mill consumption in the last quarter of 1934 made necessary considerable purchases of wool for current requirements. Stocks of wool held by United States dealers at the beginning of 1935 probably are larger than for several years, but stocks of cloth and semi-manufactures are much smaller than at the beginning of 1934. Price quotations on wool at Boston have shown little change since the middle of October and changes are expected to be small during the remainder of the 1934-35 season (to April 1, 1935). Since the margin of domestic prices over foreign prices is now about equal to the tariff,

domestic price changes in the next few months will depend to some extent upon developments in foreign markets.

Prices for wool in Southern Hemisphere markets have been firm since the middle of December. Recent agreements effected by Germany with other countries have made it possible for German buyers to reenter the wool market to some extent and as a result some improvement in the demand for wool at Southern Hemisphere sales is expected. The large quantities of wool to be marketed in Southern Hemisphere countries during the first part of 1935, however, will probably prevent any material increase in foreign prices during the next few months. The wool markets at Bradford and in continental Europe were reported to be quiet with prices steady in early January. The first series of London wool sales for 1935 is scheduled to open on January 15.

For the week ended January 5 quotations for fine (64s, 70s, 80s) strictly combing, territory wool at Boston averaged 76.0 cents a pound, scoured basis, and for 3/8 blood (56s) quoted prices averaged 66.5 cents compared with 85 cents and 81.5 cents a pound respectively for those grades during the week ended January 6, 1934. Prices of territory wools have shown little change since late August. Prices for Ohio and similar fleece wools were more irregular during the summer and early fall months, but have been firm since the middle of October. The United States average farm price of wool as of December 15 was 18.5 cents a pound compared with 19.2 cents on November 15 and 24.2 cents on December 15, 1933.

Manufacturing activity in the United States wool textile industry increased greatly in the final quarter of 1934. The Bureau of the Census reports that after an adjustment for the variation in number of working days, the consumption of combing and clothing wool on a clean equivalent basis by 512 identical mills in the 4 weeks ended November 24 was 38.4 percent higher than in the 4 weeks ended October 27. The increase in October as compared with September was 91.1 percent. Total consumption of such wool by mills representing practically the entire industry was 17,584,000 pounds in clean equivalent in the 4 weeks ended November 24 compared with 12,708,000 pounds consumed in the 4 weeks ended October 27. Unofficial reports indicated a further increase in consumption in December. Mill consumption for the entire year 1934, however, was smaller than in any year for which records are available (since 1920).

Receipts of domestic wool at Boston in the calendar year 1934 were smaller than in any year since 1926. Only 184,000,000 pounds were reported to the Boston Grain and Flour Exchange compared with 268,000,000 pounds in 1933 and an average of 237,000,000 pounds annually from 1929 to 1933. United States imports of combing and clothing wool for consumption from January to November were 21,619,000 pounds compared with net imports of 39,865,000 pounds from January to November 1933.

The total movement of the current wool clip from the five Southern Hemisphere countries up to November 30 was substantially below the same 5 months of last season. Argentina and Uruguay so far have exported less wool than during the first 2 months of last season. Exports from Australia, New Zealand, and the Union of South Africa have been much smaller than those for the corresponding period of last season and stocks on December 1 in these countries were unusually large.

COTTON

Domestic cotton prices have been comparatively steady during recent months. The average price of Middling 7/8 in the 10 markets during December was slightly higher than in the previous 2 months. With the exception of August and September the December average of 12.60 cents per pound was the highest monthly average for 4½ years. Domestic cotton consumption during December declined more than usual compared with November but it was 19 percent larger than the restricted output of December 1933. Cotton consumption in Europe continues to run below a year earlier, and considerably smaller proportions of American cotton are being used. In the Orient, a smaller proportion of American cotton has been used so far this season, but owing to increased total consumption, the quantity of American cotton used has not been greatly different from the quantity consumed during the first part of 1933-34. World production of all cotton is now estimated at 23,000,000 bales, or 3,100,000 bales less than the previous year and the smallest since 1923-24. Foreign production is tentatively estimated at 13,269,000 bales, which is 200,000 bales larger than the previous season and the largest in history.

In general, domestic cotton prices have been fairly steady since the middle of September. From mid-September to mid-January the daily average price of Middling 7/8 inch in the 10 designated markets ranged between 12 and 13 cents per pound, fairly close to the Commodity Credit Corporation's 12-cent loan. During December the average price of Middling 7/8 inch cotton in the 10 markets ranged between 12½ and 12¾ cents, averaging 12.60 cents for the month. With the exception of August and September the December average was the highest monthly average in these markets since June 1930. For the week ended January 12, the price of Middling 7/8 in the 10 markets averaged 12.63 cents per pound. The average United States farm price as of December 15 was 12.4 cents per pound, compared with 12.3 cents in November, and 9.6 cents in December 1933.

Prices of American cotton in Liverpool continued high during recent weeks compared with most foreign growths. However, during the past few weeks the price of American relative to Indian has declined somewhat, owing to the rise in Indian prices as a result of the decline in crop prospects in India.

Domestic cotton consumption continued comparatively high during most of December but dropped sharply the last week of the month. Total consumption of raw cotton for the month amounted to 414,000 running bales. This was about 64,000 bales less than consumption in November, which was more than seasonal, but 19 percent larger than the unusually small consumption in December 1933. As indicated by weekly cloth production figures released by the Cotton Textile Institute, mill activity during the 2 weeks ended December 22 was the highest for a like period since last April. On the whole, sales of cotton textiles during December probably exceeded production. The substantial increase in cotton consumption during December this season compared with December last season brought the total for the 5 months ended December up to within 12 percent of consumption for the corresponding period last season, whereas at the end of November it was 17 percent lower than during the first 4 months of the 1933-34 season. Domestic cotton consumption during the first 5 months of the current season amounted to 2,128,000 bales,

compared with 2,415,000 bales during the like period last season. The indications are now that unless general conditions take an unusual turn, domestic cotton consumption for the season will not be as much below the previous season as during the first 5 months, particularly in view of the very small consumption during the last 2 months of 1933-34.

Mill activity and total cotton consumption in Europe during the first 4 months of the current season were materially lower than during the corresponding period last season. Available information indicates that cotton consumption in Great Britain and on the Continent exclusive of Russia was probably between 10 and 15 percent smaller than during the 5 months ended December 1933. Consumption of American has declined substantially more than the consumption of all cotton. The New York Cotton Exchange Service has estimated that for the 4 months ended November 1934 consumption of American cotton in Great Britain and on the Continent was 29 percent below the like period a year earlier. Cotton consumption in Japan and China thus far this season has been substantially larger than a year earlier. In Japan yarn production during the 4 months ended November 1934 was 14 percent larger than from August to November 1933.. The increased cotton textile output has probably just about offset the decreased proportion of American cotton being used, so that consumption of American in these two countries has probably not been greatly different from that of the first part of 1933-34.

Exports of American cotton continued comparatively small during December, although not as low in comparison with a year earlier as during the preceding 5 months. The 504,000 running bales of domestic cotton exported during December were 39 percent less than in December 1933, but for the 5 months ended December, total exports were 43 percent less than a year earlier. During the 5 months ended December total exports from Egypt were about 12 percent less than during the corresponding period last season. During the 4 months ended November total exports from India were 34 percent larger than from August to November 1933.

The estimated world production of all cotton is now placed at 23,000,000 bales of 478 pounds. This is 200,000 bales less than the estimate released in late November, 3,100,000 bales less than the 1933-34 estimate, and is the smallest since 1923-24. The estimated total foreign production is 13,269,000 bales which is about 300,000 bales less than the estimate released in November, as the first official estimate of Indian production has recently been received indicating that prospects were for a substantially smaller Indian crop than previously expected. The present estimate of foreign production is, however, about 200,000 bales larger than the estimated foreign production in 1933-34 and is the largest in history. The Agricultural Adjustment Administration announced some time ago that cotton producers who had signed contracts covering the 1934 and 1935 crops would be expected to restrict their 1935 acreage to 25 percent of their base acreage, although they will have the option of reducing their acreage 30 percent if they so desire, and be paid accordingly.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914=100	Commodity prices: United States: Wholesale 4/ 1926 = 100	Commodity prices: Foreign 5/ In foreign currency 1926 = 100	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100								
1929 -									
July	124	107	106	147	141	96	94	6.00	344
1930 -									
Jan.	106	96	97	145	135	92	90	4.94	252
July	93	84	90	120	123	84	83	3.16	232
1931 -									
Jan.	83	70	80	101	114	78	76	2.85	168
July	82	66	77	86	105	72	74	2.00	143
1932 -									
Jan.	71	54	69	71	98	67	71	3.88	79
July	58	40	59	63	94	64	67	2.54	46
1933 -									
Jan.	65	40	60	60	89	61	68	1.44	62
Mar.	59	37	59	55	88	60	66	3.30	58
Apr.	66	39	60	58	88	60	66	2.60	65
July	100	51	72	83	101	69	68	1.75	100
Aug.	91	57	76	79	102	70	68	1.75	98
Sept.	84	59	80	80	103	71	69	1.53	100
Oct.	76	59	80	78	104	71	69	1.50	93
Nov.	72	56	76	80	104	71	69	1.50	96
Dec.	75	54	74	78	103	71	68	1.50	99
1934 -									
Jan.	78	54	73	77	105	72	69	1.50	103
Feb.	81	61	78	83	107	74	69	1.50	107
Mar.	84	65	81	84	108	74	69	1.26	102
Apr.	85	67	82	82	107	73	69	1.25	104
May	86	67	82	82	108	74	68	1.18	95
June	83	65	81	86	109	75	68	1.00	97
July	76	60	79	87	109	75	69	1.00	94
Aug.	73	62	80	96	112	76	70	1.00	92
Sept.	71	58	76	103	113	78	70	1.00	90
Oct.	73	61	78	102	112	76	69	1.00	94
Nov.	74	60	77	101	112	76	69	1.00	99
Dec.				101				1.00	102

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - 0 - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release February 15, 1935

THE PRICE SITUATION, FEBRUARY 1935

FARM PRICES

The general level of farm prices appears to be somewhat higher than in mid-January. The rise during the last month, however, has been less than the marked advance in the previous month. Prices of livestock and dairy products have risen, whereas prices of eggs, grains and cotton have declined. With lower feed prices and higher prices of meat animals and dairy products the feeding situation is now more favorable than a month ago and a further improvement is in prospect.

Indications point to a somewhat higher level of farm prices within the next few months. Prices of livestock and some crops are expected to rise further and prices of dairy products and eggs are likely to decline considerably less this spring than usual. The level of farm prices from May to the end of the year will depend to a considerable extent upon pasture conditions and changes in crop prospects, as well as upon the current and prospective demand for farm products. Consumer resistance and purchasing ability have become more potent influences on the near future course of farm prices of such foods as meats, livestock products, and fresh vegetables, partly because of the recent sharp advances in prices of some of these foods.

Farm prices in mid-January averaging 107 percent of pre-war were the highest since November 1930, compared with 101 in December and 77 in January 1934. The relationship among the index numbers of the various groups of farm products now is nearer to the pre-war base period relationship than it has been for a long time. After adjustment for normal seasonal variations in prices these group index numbers in January ranged from 96 for fruits to 117 for grains and truck crops.

The preliminary estimate of prices paid by farmers for commodities in January is 126 percent of the 1910-1914 average compared with 117 a year earlier. The ratio of prices received to prices paid is estimated at 85 in January compared with 80 in December and 66 in January 1934. A marked rise in livestock prices such as occurred between December and January is usually accompanied by a considerable rise in the ratio of prices received to prices paid by farmers. A corresponding rise in grain prices (prices x quantities) is less effective in increasing this ratio for a rise in grain prices is usually accompanied by a rise in prices paid by farmers for feed and seed.

Cash income from the sale of farm products in December 1934, excluding the sale of cattle and sheep to the Government, is estimated at $435,000,000 compared with $488,000,000 in November and $410,000,000 in December 1933. Cash farm income during the first 6 months of 1935 may continue above the level of a year earlier. Total income from the sale of farm products during the entire year 1934 amounted to $5,534,000,000 compared with $4,889,000,000 in 1933, and $4,328,000,000 in 1932. Income from rental and benefit payments and from the emergency sale of cattle and

sheep in 1934 totaled $557,000,000 compared with $162,000,000 in 1933. Total cash income for the year 1934 was $6,090,000,000 compared with $5,051,000,000 in 1933.

WHOLESALE PRICES

Wholesale commodity prices continued to advance in January as a result of higher prices for farm products and foods. The weekly averages of prices of groups other than farm and food products were practically unchanged during the month. The general level of wholesale prices in early February at 116 percent of the pre-war average was the highest since December 1930. The marked relative rise in prices of farm products during the last 2 years has brought market prices of farm products nearly up to the level of prices of other than farm and food products combined, at 110 and 115 percent of pre-war respectively for the week ended February 2.

Wholesale prices of farm products in the major surplus producing countries reached their post-war low in early 1933 and have since recovered about two fifths of the decline of the previous 4 years. The decline in prices of farm products in the United States from early 1929 to the 1933 low, although equaled in Hungary, was greater than the decline in other major agricultural countries. In general the decline in prices of farm products during the depression was greatest in the large agricultural surplus producing countries, somewhat less in deficit countries of the "gold block" and least in the deficit countries whose national currencies depreciated.

The subsequent rise, since 1933, has been greatest in the major surplus producing countries (United States, Canada, Argentina) somewhat less in England and Germany, and least in such "gold block" countries as Italy and Netherlands. Comparable data are not available for France.

Wholesale prices in Germany, England and Canada have been steady for the last 2 months whereas prices have continued to rise slowly in Italy and to decline in France.

BUSINESS CONDITIONS

The marked improvement in industrial activity in December was continued and extended in January to the highest level since the summer of 1933. The present level of activity, together with the movement of manufactured products and orders on hand, indicates that industrial output for the first quarter of this year will be the highest for any similar period since 1931. This improvement in industrial activity has added to the incomes of industrial workers and is increasing the demand for farm products. Farm income may be larger during the first half of 1935 than in any year since 1931 in spite of the marked reduction in the supply of farm products moving to market.

The Federal Reserve Board's index of industrial production after seasonal adjustment advanced from 74 percent of the 1923-1925 average in November to 85 percent in December. Weekly statistics indicate further increases in industrial output in January. The marked increase in automobile production has been an important factor in the increased industrial output, but other lines of activity, particularly woolen textiles, have also shown

marked improvement. A part of the increase in automobile output is accounted for by the earlier introduction of new models this year, although retail sales are running considerably larger than a year ago.

The output of iron and steel also increased more than seasonally in January in response to the increase in automobile production, a marked pick-up in the output of agricultural implements and increased sales of iron and steel products to miscellaneous consumers. The output of structural steel and railroad supplies continues at low levels with only a moderate improvement in prospect. Building contracts awarded increased slightly in January from the low levels of December but they were materially less than a year ago.

Improvement in other lines of industrial activity in the United States from December to January was less marked. Cotton textile production increased considerably more than seasonally from December to January, whereas the production of silk textiles declined. Railroad car loadings were slightly higher, owing to the increased movement of coal and electric power production, continued its upward trend of recent months. Retail sales of department stores declined more than seasonally from December to January, but they were still 4 percent greater than in January 1934.

Industrial activity in most foreign countries, outside the "gold block" countries and China, is beginning the year at levels considerably above a year ago. In Great Britain, business activity is now at approximately the same level as in 1929. Marked improvement in the durable goods industries has been the principal factor in the upturn of business activity of both Great Britain and Germany in the past year. The low level of international trade of both these countries is a major hindrance to a further expansion in business activity. Unemployment in France has reached the highest level since the war and no improvement in business is yet in evidence. Activity in Japan continues at high levels but China is passing through one of the severest depressions of recent years with trade at a very low level.

WHEAT

Wheat prices in the United States have declined somewhat during the past month despite smaller world supplies than a year ago and deterioration of the Argentine crop in December and early January. However, price declines in foreign markets have been about the same as in the United States and have accompanied the marked seasonal increase in shipments from Argentina.

The United States average farm price of wheat as of mid-January was 89.3 cents per bushel compared with 90.6 cents a month earlier, and 69.4 cents in January 1934. There was a corresponding decline in prices at the principal markets. Thus, No. 2 Hard Winter at Kansas City declined from an average of 107.5 cents for the week ended December 8 to 102.9 cents for the week ended January 12, and 97.8 cents for the week ended February 9. At Minneapolis No. 1 Dark Northern Spring declined from 117.3 cents for the week ended December 8 to 114.1 for the week ended February 9.

There have been no outstanding changes during the past month in the prospects for wheat supplies either in the United States or abroad. In Argentina the crop is turning out to be of poorer quality than average, and

indications are that the total outturn may be somewhat smaller than was officially estimated in December. In the Northern Hemisphere prospects for the winter wheat crops of 1935 are still highly uncertain. A considerable part of the Western Great Plains area of the United States is still deficient in moisture, but from central Kansas east, weather conditions appear to have been fairly favorable. It is not likely that the present deficiency of moisture in the extreme western portion of the winter Wheat Belt could be entirely made up, even if there should be plentiful late winter and spring rains. In the spring wheat region of the Northern Great Plains of the United States and in Canada, on the other hand, the outturn of the crop will be largely dependent upon rainfall during the spring months. If plentiful and timely rains occur during this period, yields may be equal to or above average. The deficiency of sub-soil moisture, however, will probably result in less than average yields in the spring wheat area if weather conditions during the spring and early summer are not more favorable than average.

World shipments rose rather abruptly from their low levels of December and for the past 3 weeks have been averaging about 10,000,000 bushels weekly. Such an increase is usual at this season of the year. The increase has been due mostly to increasing shipments from Argentina, though there has been a small increase in the rate of shipments from Australia and North America.

Wheat prices in the United States during the next 4 months depend very largely upon the development of the 1935 crop. Indications are that the United States carry-over as of July 1 may be about 150,000,000 bushels. The average wheat carry-over of the United States was about 125,000,000 bushels before the large surplus stocks began to accumulate.

CORN

Corn and other feed grain prices declined in January and the first week in February. This decline may be attributed to a number of factors, including the mild fall weather which permitted extensive saving of the small feed supplies, utilization of previously purchased feeds, and liberal use of roughage. The sharp advance in corn prices in the fall and early winter was apparently overdone and a reaction, much of which took place in January, was the result. This reaction may continue further into February, but a material decline from the present level is very unlikely. An advance above the December level between now and April is likewise not probable. Prospects favor a relatively steady level of corn prices from January to April.

The December average price of all classes and grades of corn at five markets was 95.5 cents and the January average was 90.8 cents per bushel. For the week ended February 2 the figure was 87.6 cents. No. 3 Yellow corn at Chicago averaged 87.0 cents for the week ended February 2 compared with 93.7 early in January. Oats prices declined about the same percentage as corn in this period, and No. 3 White oats at Chicago averaged 53.6 cents per bushel for the week ended February 2. Barley prices did not weaken as much as either corn or oats. The decline in market prices of corn suggests that the February 15 farm price may be lower than the January 15 price of 85.3 cents per bushel. The January 15 farm price was 105 percent of the "fair exchange value" of 80.9 cents. Farm prices of corn were equal to or higher than wheat in 18 states. Oats prices on February 15 will also probably be lower than on January 15.

Demand for feed grains, particularly corn, was at a somewhat lower level in January than in December, although some improvement was in evidence late in January. The Federal Livestock Feed Agency at Kansas City reported receiving a larger number of inquiries for the location of feed supplies after several weeks of only a few requests. Commercial stocks of corn after remaining about unchanged for the last 2 weeks of December, began to decrease rapidly. During the first week in January, the decrease was 1,600,000 bushels, but in the week which ended with February 2, the decrease was 2,300,000 bushels. Continued decreases at this rate, considering the present volume of market receipts, cannot continue much longer before a price advance is necessary to induce farmers to increase their marketings. The recent upward trend in livestock prices improved feeding prospects for those who have feed or have money with which to purchase feed. The hog-corn ratio, based on farm prices, increased from the record low of 6.0 on December 15, to 7.7 on January 15, while that for the North Central States jumped from 5.9 to 8.4 in this period. Considering these ratios, feeding of corn is still relatively unprofitable but a marked improvement is apparent and still higher price ratios are anticipated in the next 6 to 9 months. The hog-corn ratio on February 2, based on Chicago prices was 8.8.

The short feed supplies are being used conservatively. The reduction in disappearance of corn from October through December was greater than the decline in animals on farms. The number of cattle on feed for market in Corn Belt States on January 1, 1935, was 46 percent smaller than a year earlier with the decrease mainly in the states west of the Mississippi River. However, the movement of stocker and feeder cattle from public stockyard markets in January was materially larger than the relatively small movement of January last year. The number of cattle on feed in the 11 Western States, January 1 this year, was 16 percent smaller than a year ago with decreases in nearly all states, being particularly marked in Texas and Oklahoma. There was a decrease in the principal feeding states of about 5 percent in the number of lambs, including sheep, on feed for market on January 1. Market receipts of hogs include many lightweight and unfinished animals. The average weight of packer and shipper purchases at seven markets in January was 14 pounds less than a year earlier. Such economy in the use of feed will tend to limit any appreciable advance in corn prices during the winter months. Also, feeders may advantageously use early grain or feed crops prior to the availability of new-crop corn. Demand for corn by the starch and syrup industry receded sharply in January with only 4,051,000 bushels being processed. Normally January, February, and March are active months.

Receipts of corn at 13 markets declined in January and totaled only 6,597,000 bushels, bringing the seasonal total since November to 24,378,000 bushels. The 5-year average for this period was 53,918,000 bushels. Market receipts of oats also fell in January, aggregating only 2,075,000 bushels. Shipments of both corn and oats from the markets were greater than receipts, resulting in a further reduction of market stocks. The decrease in stocks of corn was particularly noticeable. The supply of corn in store at the principal markets was reduced from 43,752,000 bushels (December 28) to 34,103,000 (February 2). Commercial stocks of corn reached their fall peak late in September when they totaled 64,130,000 bushels (September 22). The reduction in corn stocks in October was 5,400,000 bushels, in November 8,200,000, in December 6,400,000 and in January 9,700,000 bushels. The reduction in oats stocks in January was not so great - from a total of 23,102,000 bushels to 22,332,000 bushels. Barley stocks were reduced slightly more than oats stocks.

The quality of the 1934 corn crop marketed in the eastern United States, the Ohio Valley and the southern Illinois areas was better than last year on test weight and moisture factors, according to reports from grain supervisors and licensed grain inspectors located at important primary markets. The average test weight per bushel in these sections was 2 pounds heavier than last year and moisture 2 percent lower. Mississippi and Missouri markets, excluding southern Illinois, show test weight to be 1-1/2 pounds per bushel lower than last year and moisture nearly 2 percent higher. On the "total damage" factor, this year's crop, except in the eastern part of the country, has a higher percentage of damaged kernels than last year. Generally speaking, about one third of the market receipts from an average corn crop has their grade determined as lower than grade No. 1 because of the "total damage" factor.

The short domestic supplies of feed have placed increased importance upon imports and sources of supplies in foreign countries. Imports of corn during December of 1,172,000 bushels were the largest for any month since October 1927. Total imports of corn from July 1 to December 31 were 2,807,000 bushels compared with 91,000 bushels in the same period last season. According to trade reports, imports of corn during January were several times as large as those for December. Imports of oats were also heavier in December and January.

New crop corn from Argentina's prospective large crop will probably become available in April. The acreage seeded was the largest on record, 17,372,000 acres, and growing conditions have been favorable. Average yields and abandonment suggest a crop somewhat between 400,000,000 to 450,000,000 bushels. The Buenos Aires office of the Foreign Agricultural Service places the Argentine crop at 433,000,000 bushels.

RICE

Southern rice prices declined in January and early February. The Louisiana farm price of southern rough rice, January 15, was $2.77 per barrel (162 pounds each) compared with $2.81 a month earlier and $2.70 per barrel a year ago. These data were published for the first time in December 1934, "Crops and Markets". The weighted average price of sales of the American Rice Growers Cooperative Association in Texas and Louisiana for the week ended February 7 was $2.94 per barrel compared with $3.27 for the week ended December 21 and $3.36 per barrel for the week ended December 6. In contrast, prices of California rough rice were unchanged at around the minimums provided in the marketing agreement with No. 1 Paddy, yielding 54 pounds of head rice per hundred quoted at $1.71 per hundred pounds or $2.77 per barrel and grain yielding 50 pounds at $1.66 per hundred or $2.69 per barrel, f.o.b. interior shipping points.

Rough rice

As a result of the December 1 revision of the estimate of the 1934 United States rice crop, data on supplies of rice for the season or the remainder of the season necessitate revision. The December 1 estimate placed the southern crop at 8,508,611 barrels and the California crop at 2,129,167 barrels making a total United States crop of 10,637,778 barrels. The 1934 southern crop is about as large as that of 1933, but the California crop is 20 percent greater. The supply of southern rough rice in first hands available for shipment to mills or for farm carry-over, February 1, may be

considered to be around 400,000 barrels larger than a year ago when it aggregated about 2,260,000 barrels. Mill receipts of rough rice, August 1934 through January 1935 totaled 5,263,000 barrels against 5,580,000 barrels in the same period last year. Stocks of rough and cleaned rice at southern mills, February 1 totaled 2,247,000 barrels whereas a year ago 2,488,000 barrels were in store in this position.

Statistics upon the January movement of the California crop are not available at this time. Despite the much larger crop, movement of California rough rice from first hands to mills from October, the beginning of the California season, through December totaled only 1,032,000 bags (100 pounds each) compared with 1,296,000 bags in the same months of 1933. Mill stocks of California rough rice, January 1, of 325,000 bags, were smaller than the 463,000 bags a year earlier. Movement of "surplus" or excess-quota California rice has been slow with most growers awaiting further developments concerning plans for its disposal.

Milled rice

The seasonal movement of milled rice from southern mills exceeds that of last season, but shipments from California mills have been slightly less. From August 1934 through January 1935 southern mills shipped into domestic, insular and foreign trade channels 4,649,000 pockets (100 pounds each) but in the previous season only 4,230,000 pockets. Recent frost damage to vegetables in the Southeastern States tended to increase consumption of rice in that area. With mill receipts of rough rice under a year ago, and larger shipments of milled rice, southern mills brought about considerable reduction in both their rough rice and milled rice stocks. Movement of California milled rice, October through December, was only 443,000 pockets compared with 479,000 pockets a year earlier.

Based on weekly reports, shipments of United States rice to Puerto Rico during the period December 29 to February 2 totaled 194,660 pockets, to Hawaii 79,810, and to foreign countries 80,780 pockets, making a grand total of 355,250 pockets compared with 321,000 pockets in January 1934. Since August, the beginning of the 1934-35 southern rice season, exports to foreign countries and shipments of United States rice grain to Puerto Rico and Hawaii aggregated only 1,765,810 pockets compared with 1,922,830 pockets in the same period of the 1933-34 season. In view of the much larger total seasonal movement from United States mills this year than last, and a smaller movement out of the country it is apparent that domestic consumption has increased considerably over a year ago.

At the present time marketing agreements are in force in the southern rice states and in California. The establishment of a processing tax and an inauguration of a 1935 adjustment program has been recommended to the Administration by the rice growers. The recommendations suggested include (a) a processing tax levy of 1 cent per pound of rough rice, effective March 1, 1935, to be continued in effect through the marketing year ending July 31, 1936, (b) elimination of the floor stocks tax on rice purchased at a price as high as or higher than that specified in the existing marketing agreements and (c) that the acreage allotment and production quota allocated to the Southern States in 1935 be approximately the same as that allotted in 1934.

POTATOES

Potato prices in central markets declined slightly during the first 3 weeks of January but recovered most of the loss by the end of the first week in February. Car-lot shipments have moved to market in a fairly steady volume in recent weeks and indications are that there are ample supplies of old stock potatoes in warehouses at shipping points to maintain this volume during the next several months. For this reason potato prices may continue at about present levels.

Recent reports indicate that the acreage planted in the early states of Florida and Texas, Lower Valley, totals 30,000 acres or about the same as in 1934. In the second section of the early states growers' intentions indicate a decrease of 4,600 acres from the acreage harvested a year ago, in the second early states, a decrease of 4,000 acres and in the intermediate states a decrease of 6,800 acres. Thus the prospects are for a decrease of 15,500 acres in the area of early potatoes this year not including last fall's crop.

Potato prices at New York (l.c.l. basis) declined from $1.02 per 100-pound sack for the first week of January to 94 cents the fourth week but recovered to $1.01 during the first week of February. A year earlier they averaged $2.08. At Chicago, car-lot prices declined from 87 cents per 100-pound sack for the first week of January to 84 cents the second week where they have remained through the first week of February.

At Presque Isle, Maine, Green Mountains averaged 38 cents per 100-pound sack f.o.b. during the first week of February compared with 42 cents a month earlier. Round whites at Rochester, New York averaged 52 cents compared with 56 cents a month earlier, while at Waupaca, Wisconsin they averaged 50 cents and 57 cents per 100-pound sack respectively in the two periods. At Michigan shipping points, Cadillac rate, Russet Rurals averaged 55 cents per 100-pound sack f.o.b. during the first week of February compared with 60 cents a month previous. Russet Burbanks at Idaho Falls averaged 67 cents f.o.b. cash track per 100-pound sack in the first week of February against 74 cents a month earlier.

The average United States farm price of potatoes was 46.1 cents per bushel on January 15, 1935 compared with 45.4 cents on December 15, 1934, 77.2 cents on January 15, 1934 and 64.2 cents the January average 1910-1914.

TOBACCO

Prices of the types of tobacco sold at auction warehouse markets during January showed little change from the level prevailing immediately following the holidays. Advances occurred in the prices of all fire-cured and Green River tobacco; One Sucker prices declined slightly and then advanced later in the month; Burley prices remained unusually stable. Marketings of most of the types have been made in a much shorter period than usual this season, owing to the reduction in size of crop. As the selling season draws to a close, prices for these types have shown the usual seasonal decline.

Average prices in cents per pound for January 1935 according to state reports were as follows: Burley (type 31--Kentucky only) 17.4; Virginia fire-cured (type 21) 12.7; Eastern fire-cured (type 22--Kentucky only) 9.2; western fire-cured (type 23--Kentucky only) 8.2; Henderson fire-cured (type 24) 7.8; One Sucker (type 35--Kentucky only) 7.5; Green River (type 36) 9.0; Virginia sun-cured (type 37) 9.6. These prices were from 20 to 65 percent above the corresponding prices of a year earlier and up to 300 percent above those of 2 years earlier. Prices for the closing sales of flue-cured tobacco were about in line with those prevailing before the holidays, considering the quality of the tobacco. The average for the entire 1934 flue-cured crop was approximately 27 cents per pound.

The factory output of tobacco products during December 1934, as indicated by the monthly sales of tax stamps by the Bureau of Internal Revenue, was about 15 percent above that of the 2 preceding years. The principal increases were shown for cigarettes and cigars which were 18.1 percent and 16.4 percent respectively above a year earlier. Snuff showed an increase of 11.8 percent over a year earlier, whereas the increase for manufactured tobacco (smoking and chewing combined) was 3.8 percent above a year earlier.

Exports of leaf tobacco from the United States in December 1934 totaled only 25,700,000 pounds compared with 60,800,000 pounds a year earlier, and a 5-year average for December of 53,600,000 pounds. The exports of stems, trimmings, and scrap, which have been unusually large during the last several months amounted to 3,000,000 pounds in December. The principal decline in leaf tobacco exports in December was in flue-cured tobacco which normally represents more than 85 percent of the total December exports. For the 6 months' period ended December 31, the exports of the principal types of tobacco, compared with previous years, were as follows:

Type	1934 July-Dec.	1933 July-Dec.	1932 July-Dec.	5-year average July-Dec.
	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured	169.9	194.3	166.0	230.3
Fire-cured -				
Ky.-Tenn. ...	30.4	40.8	27.9	33.4
Va.	5.8	6.7	7.3	8.5
Burley	9.2	5.4	4.9	2.7
Md.	2.9	6.3	7.1	6.0
All other types	6.2	7.5	5.9	6.7
Total leaf ..	224.4	261.0	219.1	287.6
Stems, trimmings and scrap	14.5	9.6	12.4	9.1

HOGS

The sharp rise in hog prices during late December and early January which carried the Chicago weekly average to $7.82 per 100 pounds the second week in January was followed by a slight reaction. The rise was resumed in early February and during the first full week of the month the top at Chicago reached $8.30, the highest price at that market since July 1931. With further seasonal reductions in hog marketings in prospect, hog prices are expected to continue upward until late March or early April before the usual spring decline begins.

After reaching $7.82 per 100 pounds the second week in January, the weekly average of hog prices at Chicago fluctuated between that price and $7.66 until the week ended February 9, when prices made new highs for the winter. The average for January at Chicago was $7.70 compared with $5.89 in December and $3.41 in January last year, when the hog processing tax was $1.25 per 100 pounds less than the current tax. A significant development in the hog price situation in recent weeks which reflects the great shortage of hogs in the Western Corn Belt is the narrowing of the price spread between Chicago and the Missouri River markets. At times recently prices at Omaha and Kansas City have been practically as high as, or higher than, prices at Chicago, whereas normally they are lower than at that market.

Hog slaughter under Federal inspection in January, totaling 3,047,000 head, was 27 percent smaller than that in December, 43 percent smaller than in January last year, and the smallest for the month since 1911. Total inspected slaughter during the first 4 months of the current marketing year which began with last October amounted to 14,812,000 head, or 15 percent less than in the corresponding period a year earlier. Slaughter during the remainder of the year is expected to continue far below the average of recent years. Although average weights recently have shown a slight seasonal increase they are much lighter than usual. The weighted average for the seven largest markets in January was 213 pounds compared with 202 pounds in December and 227 pounds in January last year. The greatest reduction in weights has been at St. Paul and the Missouri River markets, whose supplies come largely from the area where the feed shortage is most acute.

The hog-corn price ratio improved slightly during January and early February as a result of a moderate decline in corn prices while hog prices were steady to higher. The ratio of 8.8 in early February, based on Chicago prices of hogs and corn, compared with 7.9 a month earlier and 7.5 a year earlier. The current ratio, however, is much below the 10-year average.

The upturn in prices of cured hams, bacon, and picnics, which started in late December continued throughout January, the price advance on the different cuts ranging from about $1.00 to more than $2.00 per 100 pounds. Prices of lard and dry salt meats also continued to advance and reached the highest levels in several years. Prices of fresh pork, however, were generally weak, following the sharp advance in late December and early January, and reacted sharply. This reaction was one of the factors which served to check the advance in prices of live hogs during mid-January. The composite wholesale price of hog products at New York in January was $18.54 per 100 pounds, compared with $16.50 in December and $11.11 in January last year.

Because of the marked reduction in hog slaughter in January, stocks of hog products in storage declined instead of increasing seasonally as they usually do during January. Stocks of pork on February 1, totaling 671,000,000 pounds were 2 percent less than a month earlier, 8 percent smaller than a year earlier, and 1 percent less than the 5-year average for that date. A year earlier, however, stocks included about 66,000,000 pounds of sweet pickled meats held for government account for relief purposes whereas current stocks comprise entirely commercial holdings. Lard stocks on February 1 totaling 113,000,000 pounds, were about 5 percent less than those of a month earlier and 33 percent less than those of a year earlier, but they were 24 percent greater than the 5-year February 1 average.

On the basis of the indications of the 1934 pig surveys, slaughter supplies of hogs during the remainder of the current marketing year which ends September 30 are expected to be from 40 to 45 percent less than those of a year earlier. A decrease of 42 percent would amount to about 11,000,000 head for the period February to September. With supplies of cattle and lambs for slaughter during this period expected to be considerably smaller than a year earlier, hog prices are expected to make further advances throughout 1935 and to remain at relatively high levels compared with recent years.

CATTLE

Although the trend in cattle prices is expected to continue upward throughout 1935 it is probable that the advance in prices in the remainder of the winter will be less pronounced than the sharp rise which has occurred since early November. Market supplies of all classes and grades of cattle and calves this year will be materially smaller than the large commercial marketings in each of the last 2 years, and a marked decrease in the slaughter supplies of other meat animals also is probable for 1935. The number of cattle on feed this winter is the smallest in many years, and supplies of well finished cattle will be small during most of the present year.

As a result of the decreased marketings of cattle and other livestock prices of all kinds of cattle and calves rose during January with the rise being greatest in the case of better grades of slaughter steers. In early February the top price of well finished cattle on the Chicago market reached $13.95 per 100 pounds, the highest price paid at that market since early 1931. The price of choice and prime grade steers at Chicago the last week in January averaged $12.58 compared with $5.98 at the end of January last year. At the end of January this year the average price of common grade steers at Chicago was $6.21 compared with $4.39 a year earlier. The greater advance in prices of the better grades of steers than in the prices of the lower grades reflects to a considerable extent the much smaller proportion of heavy grain-fed cattle in the market supplies in recent months as compared with a year ago. For the month of January the average price of all grades of slaughter steers at Chicago was $9.24 compared with $7.41 in December and $5.35 in January last year. The average farm price of beef cattle on January 15 was $5.05 compared with $3.88 a month earlier and $3.33 a year earlier.

In the case of the better grades of slaughter steers the present advance in prices began in early November, but in the case of the lower grades of steers, cows and heifers, and stocker and feeder cattle the rise began after the middle of December. In general, prices of all kinds of cattle are now the highest in 2 years at least.

Receipts of cattle at the seven leading markets in January, exclusive of government purchases were about 15 percent smaller than in January 1934, but they were 11 percent larger than the 5-year January average. It is probable that the commercial slaughter of cattle and calves in January was but little different from a year earlier. Inspected slaughter of cattle in January including those slaughtered for the account of Federal and State relief organizations totaled 977,000 head, compared with 831,000 in January 1934 and was the largest slaughter for the month since 1919. Calf slaughter under Federal inspection also including relief purchases amounted to 511,523 head. Purchases of cattle and calves by the Federal Surplus Relief Corporation which were inaugurated last June as a drought relief measure were recently discontinued. Reports indicate that about 8,228,000 head of cattle and calves were purchased under this program.

The number of cattle on feed in the 11 Corn Belt States on January 1, 1935 was estimated to be 46 percent smaller than on that date in 1934 and was the smallest in many years. Wide variations occurred in the changes in the number on feed from a year earlier among the several states. For the states west of the Mississippi River the decrease amounted to 57 percent with decreases occurring in all states and ranging from 20 percent in Iowa and Minnesota to 80 percent in Kansas. In the states east of the Mississippi River combined the decrease was 7 percent, but in Ohio and Indiana increases of 5 and 15 percent respectively were reported. In the 11 Western States the estimated decrease in the number of cattle on feed on January 1 this year compared with a year earlier was 16 percent.

Shipments of stocker and feeder cattle from public stockyard markets in January were somewhat larger than the relatively small movement in January last year. These increased shipments probably are a reflection of a stronger country demand for cattle growing out of the rapid rise in prices of slaughter cattle in the last 2 months and the improved relationship between cattle prices and feed prices.

BUTTER

Butter prices have risen to the highest level in over 4 years. The rise in prices in recent months has been due primarily to the marked decline in production. Even though farm prices of butterfat are about 90 percent higher than a year earlier, the price of butterfat is low in relation to feed grains. This price relationship together with the short supplies of feed indicates light production during the remainder of the feeding period, with prices averaging as high or higher than in December, instead of making the usual seasonal decline. Storage stocks of butter are unusually small so that total domestic supplies during the rest of the winter will be decidedly less than a year ago. The margin of domestic over foreign prices is greater than the tariff and New Zealand butter is being imported.

The price of 92 score butter at New York in January averaged 34.2 cents the highest for any month since November 1930. The price rose 3.3 cents from December to January instead of making the usual seasonal decline and the index which is adjusted for seasonal variation rose from 92 in December to 110 in January.

The farm price of butterfat in mid-January was 30.5 cents, the highest in over 4 years, and was 89 percent higher than a year earlier. Feed prices, however, were also much higher than a year earlier. In mid-January a pound of butterfat would buy 18.9 pounds of feed grains. This was only slightly more than a year earlier and except for 1933 was the lowest for any January in over 25 years.

Production of butter in December of 102,700,000 pounds was 11.8 percent less than a year earlier and the smallest for the month since 1929. December production was less than November compared with the usual seasonal increase, and the index number of production declined from 128 in November to 114 in December. Each group of states showed a marked decline from the preceding year. In the East North Central States the decrease was 9.8 percent and in the West North Central States 12.3 percent.

Weekly reports indicated that production continued decidedly lower than a year earlier during January and early February. Production will probably continue low until the pasture season. Total production of creamery butter in 1934 of 1,654,000,000 pounds was 109,100,000 pounds less than in 1933 and the lowest since 1930.

Total trade output of butter in December was 4.4 percent less than in 1933. Some government butter, however, was distributed in December 1933 and also in 1934. Trade output through regular commercial channels in December was about 6.4 percent less than in December 1933. Retail prices in December were 35 percent higher than a year earlier. These changes indicate that consumer expenditures for butter in December were about 26 percent larger than a year earlier. The fact that consumer expenditures are decidedly larger than a year earlier, and prospects are for smaller production, indicate continued high prices.

Cold storage holdings of butter on February 1 of 19,000,000 pounds were about 57,000,000 pounds less than a year earlier. Storage stocks are at such a low level that they are not an important factor in the market. The net out of storage movement in January was about 28,000,000 pounds and except for January 1934 when a large amount of government butter was distributed for relief it was by far the largest out of storage movement for the month.

On February 7 the price of New Zealand butter in London was equivalent to 19.8 cents per pound, the price of 92 score butter in New York was 37.2 cents or 17.4 cents more than the London price. This margin which is more than the tariff has attracted imports and more are in prospect. In December imports of butter were 255,000 pounds compared with 61,000 pounds a year earlier. Market reports indicate that imports in January were considerably larger.

CHEESE

Cheese prices made more than the usual seasonal increase from December to January and prices in January were the highest since 1930. The decline in total milk production as well as the decline in cheese production resulted in higher prices. Because of the prospects for low production of milk during the remainder of the feeding period, the seasonal decline in cheese prices

from January to April will probably be less than average. Cheese production although slightly below last year is relatively large and storage stocks are the highest on record for this season of the year.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 13.0 cents in early January to 15.8 cents in early February. The average price in January of 14.1 cents was 1.5 cents higher than in December and 4.5 cents higher than in January 1934. The increase in price from December to January was greater than the usual seasonal increase and the index of prices adjusted for seasonal variation rose from 83 in December to 90 in January.

Production of cheese in December of 31,200,000 pounds was 7.7 percent less than in December 1933, but was the second highest on record for the month. The decline in cheese production from November to December was 18 percent compared with the usual seasonal decline of about 9 percent. Total production of cheese in 1934 was estimated at 559,700,000 pounds, a new high for yearly production and 2.9 percent larger than in 1933.

Cold storage stocks of American cheese on February 1 were 71,000,000 pounds compared with 65,500,000 pounds a year earlier and the 5-year average of 58,200,000 pounds.

Trade output of cheese in December was 42,400,000 pounds and was 6.3 percent less than a year earlier, even though there was some government cheese distributed for relief. Retail prices of cheese in December were 6 percent higher than a year earlier. Estimated consumer expenditures for cheese distributed through regular commercial channels were 3 percent less than in December 1933.

Imports of cheese in December were 3,600,000 pounds, the smallest for the month since 1921. Total imports for the year 1934 were 47,500,000 pounds, practically the same as in 1933.

CHICKENS AND EGGS

Prices of eggs and chickens averaged higher in January than in December largely as a result of severe weather conditions and very light receipts. Since receipts are likely to continue relatively low the normal seasonal decline in egg prices will probably not be as great as usual and the seasonal advance of chicken prices may be greater.

Prices of special packed mid-western eggs at New York declined from an average of 35.0 cents a dozen for the week ended January 5 to 31.1 cents for the week ended January 19 and then rose to 34.0 cents for the week ended January 26. After a moderate decline prices continued to rise, being 35 cents on February 7. The monthly average was 32.9 cents compared with 31.8 cents in December and 24.8 cents in January 1934. The January 15 farm price was 25.0 cents compared with 17.6 cents a year before. The advances in market prices in January apparently were not reflected in farm prices, which were 2 cents lower in January.

The farm price of chickens was 12.3 cents on January 15, 11.7 cents a month before and 8.4 cents a year before. Chicken prices have risen 47 percent since January 1934 whereas the index of farm prices of meat animals shows a rise for this period of 75 percent, from 55 to 96. However, present figures show chicken prices 14 percent above the January pre-war average whereas the meat animals index is 1 percent below.

The advance in price of both eggs and poultry is due largely to severe weather and relatively light receipts. Receipts of eggs at the four markets in January were 684,000 cases compared with 736,000 cases a year before and a 5-year average of 884,000 cases. Receipts were the lightest for the month since 1925, the average for the period 1926-1934 being 872,000 cases. Lighter receipts are the result not only of reduced layings but of smaller flocks. Receipts this spring are not likely to exceed those of the spring of 1934.

Receipts of dressed poultry at the four markets in January were 20,900,000 pounds compared with 29,300,000 pounds a year before and a 5-year average of 29,400,000 pounds. Receipts of poultry while declining seasonally are also likely to be much less this spring than a year ago.

Cold storage holdings of case eggs are negligible, being 53,000 cases on February 1 compared with 50,000 cases a year ago and a 5-year average of 332,000 cases. Cold storage stocks of frozen poultry were 122,300,000 pounds on February 1 compared with 120,200,000 pounds a year ago and a 5-year average of 115,900,000 pounds. However, the out-of-storage movement of poultry has been much heavier than at this time last year.

LAMBS

The sharp rise in prices of slaughter lambs which started in December was checked about the middle of January after the weekly average price of good and choice lambs at Chicago had reached the $9.00 level. Following this rise, the average declined about 50 cents per 100 pounds during late January and early February. The January average for these grades at Chicago was $8.81 compared with $8.33 in January last year, and $7.59 in December. Prices of slaughter ewes, which rose throughout December, continued steadily upward during January to levels almost equal to the highest prices reached in 1934, but there was a slight reaction in early February. Prices of feeder lambs, which had been slow to respond to the improvement in fat lamb prices in December, moved up sharply in January but lost part of their gain in recent weeks.

The unusually small volume of market receipts in December was followed by a sharp increase in January. Receipts at the seven leading markets in the latter month were about 35 percent larger than those in December but they were about 11 percent smaller than in January last year. January slaughter of sheep and lambs under Federal inspection totaled about 1,345,000 head or 4 percent less than in January of the previous year.

The number of lambs on feed on January 1 was estimated to be 5 percent smaller than that of a year earlier. The decrease was entirely in the number on feed in the Western States as the number in the Corn Belt was about the same as a year earlier. Shipments of feeder lambs from the seven leading markets during January, totaling nearly 103,000 head, were about 70 percent larger than in January last year. Range conditions in California are reported to be unusually favorable for the early spring lamb crop and it is expected that the movement of early California lambs to market this year will begin earlier than usual and be above average in volume. Market supplies of lambs during the next few months, therefore, are expected to be not greatly different from those of a year earlier. The general scarcity of hogs and the short supplies of fed cattle will tend to serve as

a price strengthening influence in the lamb market during the next few months but lamb prices are not likely to be in as strong a relative position as are prices of cattle and hogs.

WOOL

Slight declines were reported in prices of Ohio and similar fleece wools in the Boston market in the second half of January, but quotations on territory wools remained unchanged. Sales of wool at Boston have been fairly light since the middle of January. The spread between domestic and foreign prices of wool continues to be relatively wide, and price changes in the domestic market in the next few months will depend to a considerable extent upon developments in the wool markets abroad. Stocks of domestic wool were relatively large at the beginning of 1935 but stocks of cloth and semi-manufactures are reported to be low. The high rate of manufacturing activity of the last few months is expected to continue at least through the first quarter of the year and it now seems probable that the carry-over of the 1934 clip will not be as burdensome as had been expected earlier.

Wool prices in foreign markets have shown no material change in the last month. Prices at the close of the London sales on February 5 were about equal to the closing prices of the previous series of sales on December 11. Such changes as were reported indicated slightly higher prices for some types of crossbred wool. The most important developments at this series of sales were the reentry of Russian buyers and the substantial purchases made by Germany. It has been several years since wool has been purchased at London for Russian account.

Apparent supplies of wool in Southern Hemisphere producing countries at the beginning of 1935 were much larger than a year earlier and were about 11 percent above the average apparent supplies on January 1 of the 5 years, 1929 to 1933. However, the situation is believed to be partly balanced by smaller stocks of wool in European consuming countries. Imports retained by these countries and Japan in 1934 were 20 percent smaller than in 1933 and about 9 percent smaller than the average retained imports for the 5 years, 1928 to 1932. The increased activity reported in these countries in the final quarter of 1934 and the early part of 1935 should create a need for supplies of raw wool in the next few months.

For the week ended February 9 quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 76 cents a pound scoured basis and for 3/8 blood (56s) quotations averaged 66 cents compared with 87 cents and 81.5 cents a pound respectively for these grades during the week ended February 10, 1934. Strictly combing Ohio and similar 56s averaged 28.2 cents a pound grease basis, the week ended February 9 compared with 28.5 cents the week ended January 12 and 42.5 cents the week ended February 10, 1934. The United States average farm price of wool as of January 15 was 18.8 cents a pound compared with 18.5 cents on December 15 and 24.6 cents on January 15, 1934.

The Bureau of the Census reports that stocks of combing and clothing wool reported by dealers, manufacturers, topmakers and pullers on December 31, 1934 amounted to 382,199,000 pounds in grease equivalent compared with 433,981,000 pounds reported as of September 30. On a clean equivalent basis

stocks on December 31 were 164,115,000 pounds compared with 186,229,000 pounds on September 30. These figures cover practically all important holders of wool except growers. Similar figures for earlier years are not available for comparison but stocks held at the end of 1934 were believed to be larger than for several years.

Imports of wool by the United States in 1934 were smaller than in 1933 but they did not decline to the low levels of 1932. Imports (for consumption) of combing and clothing wool were 23,156,000 pounds in 1934 compared with 31,051,000 pounds in 1933 and a yearly average of 51,200,000 pounds in the 5 years, 1929-1933.

The Bureau of the Census reports that after an adjustment for the variation in number of working days the consumption of combing and clothing wool on a clean equivalent basis by 510 identical mills in the 5 weeks ended December 29 was 8.5 percent higher than in the 4 weeks ended November 24. The increase in November as compared with October was 38.4 percent and in October compared with September was 91.1 percent. Total consumption of such wool by mills representing practically the entire industry was 21,947,000 pounds in clean equivalent in the 5 weeks ended December 29 compared with 17,584,000 pounds consumed in the 4 weeks ended November 24. Mill consumption for the entire year 1934 was smaller than in any year for which records are available (since 1920). The rapid increase in consumption in the final quarter of 1934 followed a decline which had continued with little interruption from August 1933 to September 1934. The present high rate of activity is expected to continue at least through the first quarter of the year.

COTTON

Domestic cotton prices weakened considerably from early January to early February despite a substantial increase in domestic cotton consumption, the marked decrease in trade estimates of the 1934-35 Indian crop and higher prices of Indian cotton relative to American. Since February 2, however, domestic prices have recovered about 1/4 cent. Domestic exports during January were 37 percent less than a year earlier and for the first half of the season were 42 percent less than from August to January of the previous season. Foreign consumption of American cotton, however, has continued in excess of our exports, resulting in a substantial reduction in foreign stocks of American cotton.

From a level of almost 12-3/4 cents in early January the average price of middling 7/8 in the 10 spot markets declined to nearly 12-1/4 cents on February 2, but has since recovered to around 12-1/2 cents. The average for January was 12.55 cents compared with an average for January last year in the 10 markets of 10.91 cents. The farm price on January 15 was 12.3 cents compared with 10.3 last year and was the highest for the month since 1930.

Domestic cotton consumption during January showed a very substantial increase over December, was the largest for any month since March last year, and was the largest January consumption since 1930. The 547,000 running bales consumed in January was 32 percent larger than the 414,000 bales consumed in December which was a considerably greater increase than usually occurs from December to January. On the whole sales of cotton goods by manufacturers in January were perhaps considerably less than the rather large output. For the 6 months ended January 31 total domestic consumption amounted to 2,675,000 bales which was 248,000 bales less than consumption during the first half of last season.

On the whole cotton mill consumption in foreign countries apparently increased somewhat during January although consumption in these countries is comparatively low, particularly in Europe. In the Orient, cotton consumption in December was at or near a new record high level both in Japan and India.

Exports of American cotton during January amounted to 466,000 running bales or 37 percent less than the 739,000 bales exported in January 1934 and the smallest for the month since 1923. Average exports during January for the 10 years ended 1932-33 amounted to 791,000 bales or 70 percent more than exports in January this year. During the first half of the season total exports of American cotton amounted to 2,865,000 bales which represented a decline of 2,054,000 bales or 42 percent from the first half of 1933-34 and a decline of 43 percent from the 10-year average for this half year period. Foreign consumption of American cotton during the first 5 months of this season was only 22 percent less than a year earlier, however, according to estimates by the New York Cotton Exchange Service. Foreign stocks of American cotton have been reduced to the lowest level in many years indicating the unwillingness of foreign manufacturers and merchants to accumulate stocks during the first part of the season as is normally done. These low stocks and the marked reduction in foreign production make it seem likely that exports during the last half of the season will not decline nearly as much as usual compared with the first half. During the 10 years ended 1932-33 exports during the first half of the season averaged 64 percent of the total for the season.

The prospective foreign production of cotton for the current season has declined considerably during recent weeks owing to a marked reduction in the Indian crop as a result of unfavorable weather conditions. Trade estimates of the Indian crop are now 750,000 to 1,000,000 bales of 478 pounds less than their early estimates. The next official estimate of the Indian Government will be released around the 20th of February at which time the Bureau will revise its estimate of foreign and world production.

Business statistics relating to domestic demand

Year and month	Industrial production 1/ (1923 - 1925 = 100)	Factory payrolls 2/ (1923 - 1925 = 100)	Factory employment 2/ (1923 - 1925 = 100)	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914 = 100	Commodity prices: United States: Wholesale 4/: 1926 = 100	Commodity prices: Foreign 5/: In foreign currency (1926 = 100)	Interest rates 6/	Industrial stock prices 7/
1929-									
July	124	107	106	147	141	96	94	6.00	344
1930-									
Jan.	106	96	97	145	135	92	90	4.94	252
July	93	84	90	120	123	84	83	3.16	232
1931-									
Jan.	83	70	80	101	114	78	76	2.85	168
July	82	66	77	86	105	72	74	2.00	143
1932-									
Jan.	72	54	69	71	98	67	71	3.83	79
July	58	40	59	63	94	64	67	2.54	46
1933-									
Jan.	65	40	60	60	89	61	68	1.44	62
Mar.	59	37	59	55	88	60	66	3.30	58
July	100	51	72	83	101	69	68	1.75	100
Aug.	91	57	76	79	102	70	68	1.75	98
Sept.	84	59	80	80	103	71	69	1.53	100
Oct.	76	59	80	78	104	71	69	1.50	93
Nov.	72	56	76	80	104	71	69	1.50	96
Dec.	75	54	74	78	103	71	68	1.50	99
1934-									
Jan.	78	54	73	77	105	72	69	1.50	103
Feb.	81	61	78	83	107	74	69	1.50	107
Mar.	84	65	81	84	108	74	69	1.26	102
Apr.	85	67	82	82	107	73	69	1.25	104
May	86	67	82	82	108	74	68	1.18	95
June	83	65	81	86	109	75	68	1.00	97
July	76	60	79	87	109	75	69	1.00	94
Aug.	73	62	80	96	112	76	70	1.00	92
Sept.	71	58	76	103	113	78	70	1.00	90
Oct.	73	61	78	102	112	76	69	1.00	94
Nov.	74	60	77	101	112	76	69	1.00	99
Dec.	85	63	78	101	112	77	69	1.00	102
1935-									
Jan.				107				1.00	103

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - 0 - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release March 15, 1935

THE PRICE SITUATION, MARCH 1935

FARM PRICES

The general level of farm prices appears to be somewhat lower than in mid-February. Livestock prices continued their advance during the last month whereas prices of dairy products, eggs, grains, and cotton declined. The rise in livestock prices, especially in relation to feed prices, which was anticipated, has apparently brought the price index for meat animals somewhat above the index for grains.

The supply and demand conditions for farm products indicate that the peak of farm prices for the first half of 1935 may have been reached in February. The seasonal price declines of some products along with increased imports of some items and the weakening demand for feeds in prospect within the next few months may lower the average price of farm products.

The usual seasonal decline in hog prices is likely to be relatively small and perhaps of short duration. Cattle prices are likely to be somewhat higher by mid-year, but the seasonal rise may be less than usual in view of the recent sharp advance. Dairy products and eggs are expected to show further seasonal declines. Some weakening in the demand for feeds and the approach of the new crop season indicate some decline in grain prices, barring unfavorable weather and crop prospects. Truck crop prices which rose sharply as frosts reduced the early crop supplies, will doubtless decline considerably by May or June.

The index of farm prices in mid-February at 111 percent of pre-war was the highest since October 1930, compared with 107 in January and 83 in February 1934. As a result of higher prices for foods, seeds, fertilizer and farm machinery, the index of prices paid by farmers for commodities is estimated at 127 for February compared with 126 for the previous 5 months. Although the general level of prices paid by farmers was steady from September to December, food prices declined 3 points whereas feed prices rose 10 points. The exchange value per unit of farm products for commodities bought by farmers at 87 percent of pre-war in February was the highest since June 1930 and only 8 points below the 1929 average.

Cash income from the sale of farm products in January, excluding the sale of cattle and sheep to the Government, is estimated at $428,000,000 compared with $435,000,000 in December and $425,000,000 in January 1934. The decrease in farm income from December to January this year was less than usual. Rental and benefit payments in January amounted to $63,000,000 compared with $47,000,000 in December and $60,000,000 in January 1934. Income from the emergency sale of cattle in the drought area amounted to $6,000,000 in January and income from the sale of sheep and goats to $1,000,000. These various sources of income resulted in a total cash income to farmers in January of $498,000,000 compared with $488,000,000 in December and $485,000,000 in January 1934.

WHOLESALE PRICES

The general level of wholesale prices in early March at 116 percent of the 1910-1914 average was about 2-1/2 percent above the 1934 peak in September and the highest in over 4 years. The increase of about 1 percent during February was accounted for by the continued rise in prices of farm products and foods.

Prices of other than farm products and food combined are now a little lower than a year ago at 115 percent of the pre-war average compared with 112 for farm products and 129 for foods. The rise in the all commodity index of about 8 percent since February 1934 is, therefore, more than accounted for by the rise in prices of farm products and foods. Prices of chemicals and drugs have also increased since a year ago whereas prices of hides and leather, textiles, and building materials have declined somewhat.

Wholesale prices in four "gold-block" countries combined (France, Belgium, Netherlands, Switzerland) in December 1934 at 56 percent of the 1926 average were lower than at any previous time during the depression. Prices increased a little in England, Germany, France, Italy and Canada during January. Since January, however, prices have declined somewhat in England, Germany and Italy, the only foreign countries for which recent data are available.

BUSINESS CONDITIONS

Industrial activity reached a peak in the first half of February after a 5-month advance and then declined slightly so that industrial output made about the usual seasonal change from January to February. The marked advance in automobile production and allied industries since December has been earlier than usual, which accounts for the exceptionally rapid rise in the seasonally adjusted indexes of industrial output. While industrial activity on the whole is still increasing, the increase in recent weeks has been slackening. Present indications point to some recession in the seasonally adjusted indexes of industrial activity during the spring months unless those lines of activity which have as yet shown but little improvement, such as building, and replacements by railroads, increase materially in the near future.

Automobile production has continued to increase, but the increase since mid-February has been slightly less than seasonal. Pig iron output increased more than seasonally from January to February and steel production made about the usual seasonal increase. Cotton textile activity declined slightly from January to February after allowance for the usual seasonal changes with production running slightly in excess of sales. Activity in silk, rayon and wool textiles has been running somewhat above last year, but sales have been declining and some price declines have occurred. Electric power production and railroad car loadings have shown slightly more than the usual seasonal increase indicating sustained activity in miscellaneous industries and in the movement of goods.

Retail trade increased slightly from January to February. The Federal Reserve Board's index of the dollar value of department store sales after seasonal adjustment was 75 in February, compared with 72 in January and 71 in February last year. Retail sales of automobiles and trucks were about

twice as large in January as in the same month a year ago and early indications point to the continuation of a high level of sales in February. Rural retail sales also continue somewhat above last year but in recent months the comparisons with a year ago have been less favorable than in the latter months of 1934. The daily averages of building contracts awarded in January increased slightly from the low levels of December and preliminary returns for February point to a further slight increase, but building activity continues at unusually low levels and contract awards to date indicate less than the usual spring pick-up in building activity. Privately financed construction is now running slightly higher than a year ago but there has been a marked drop in public financing of building projects owing to the completion of awarding P.W.A. contracts.

The expansion of automobile production in the current season got under way about a month earlier than in 1934. In 1934 the peak of automobile production occurred the last week in April. Because of the earlier expansion this year and the program for the earlier introduction of 1936 models, the peak of automobile production may be reached somewhat earlier in 1935 than in 1934. However, sales of automobiles so far in 1935 have been much larger than a year earlier, and if the present trend of new purchases continues the high level of production will be prolonged. As the expansion in automobile output has been one of the major factors in the increase in industrial activity, any seasonal decline from the peak of activity in this industry will need to be offset by increases in other lines of activity if the present level of industrial output is to be maintained. Present prospects for building and other lines of activity using durable products do not point to marked expansion in the second quarter of the year. However, the earlier introduction of 1936 automobile models if accompanied by a more nearly normal crop production than occurred in 1934 should be a stimulating factor for industrial activity in the last half of the year.

Industrial activity in the United Kingdom in January according to the Economist's index reached a record level of 115 percent of 1924. The Economist states that "the outlook for capital equipment industries, stimulated by cheap money and increasing profitability, remains quite good, but the situation in some of the leading export industries may still be described as one of stagnation". Since January there has been a series of failures in the London commodity markets and a decline of about 3 percent in the exchange value of the pound sterling. Further declines have occurred in industrial production in France, with the level of activity now at about the low point reached in 1932 and with unemployment at new high levels for the depression. Seasonal declines have also occurred in industrial activity in Germany and Italy. After seasonal adjustment industrial activity in Canada in January regained a part of the decline from the peak reached last summer. Industrial activity in Japan has continued the uptrend which has been under way since 1931.

WHEAT

Wheat prices during the next month probably will fluctuate within narrow limits around or slightly below early March levels. Later in April and May as prospects for the growing crop become more definite prices will depend upon crop conditions to an increasing extent. In the United States recent private trade estimates of the winter wheat crop are somewhat higher than those based on the December government report and better than a year ago. However, moisture is still badly needed in the western half of Kansas,

Nebraska, and Oklahoma. Beneficial rains and snows have been received over the spring wheat territory providing necessary moisture for spring planting.

The United States average farm price of wheat as of mid-February was 87.9 cents per bushel compared with 89.3 cents a month earlier and 72.0 cents in February 1934. There was a corresponding decline in prices at principal markets. Thus, No. 2 Hard Winter at Kansas City declined from an average of 102.9 cents for the week ended January 12 to 99.6 cents for the week ended February 16. At St. Louis, No. 2 Red Winter declined from an average of 104.6 cents for the week ended January 12 to 97.6 cents for the week ended February 16, and at Minneapolis No. 1 Dark Northern Spring declined from 119.8 cents to 114.9 cents for the same periods. However, prices rose in most markets for the week ended February 23, but declined again the following week to about the mid-February level. Average prices for the week ended March 9 were 97.8 cents for No. 2 Hard Winter at Kansas City, 95.9 cents for No. 2 Red Winter at St. Louis, and 113.4 cents for No. 1 Dark Northern at Minneapolis.

At Liverpool, prices declined fairly steadily during February and early March. May futures for the week ended February 2 averaged 96.0 cents at Chicago compared with 73.6 cents at Liverpool, a spread of 22.4 cents, while for the week ended March 9 they averaged 96.0 cents at Chicago and 71.0 cents at Liverpool, a spread of 25.0 cents. With a spread as wide as 25 cents, United States prices will not strengthen materially unless world prices rise. Since sterling exchange has been declining the fall of prices was considerably less in terms of English currency than in terms of American. The weakness of wheat prices in British markets during February may also have been due in part to difficulties in some of the so-called commodity pools.

Estimates of the winter wheat area in the 16 countries for which reports are available, indicate an increase of 2.3 percent over the area sown in the same countries last year when they represented over 60 percent of the estimated Northern Hemisphere wheat area excluding Russia and China. India, Germany and Canada are the only countries thus far reporting a decrease. The Russian winter wheat acreage for 1935 is reported as having been increased by 6.5 percent and the winter rye acreage decreased by 4.0 percent, the aggregate winter wheat and rye acreage showing a small decrease compared with last year.

The condition of winter wheat and rye on the whole appears generally favorable although soil moisture is still deficient in parts of North Africa and Russia. Recent reports indicate that it has been too wet in western Europe where the crops are too advanced in most sections for this time of the year. Extreme cold is reported for Poland and eastern Germany.

World production in 1934, outside of Russia and China, is now estimated to have been 3,395,000,000 bushels or about 10 percent less than in 1933. We now estimate production in Argentina at about 225,000,000. The December estimate of the Argentine Government was 252,000,000 bushels.

World shipments since January 1 have been under those of last year by more than 1,000,000 bushels per week , although during the last month shipments have been within 575,000 bushels of the same period last year. Since the beginning of 1935 shipments from Argentina and Australia have averaged 586,000 and 416,000 bushels per week, respectively, more than in the corresponding period of 1934, whereas shipments from North America have averaged

1,889,000 bushels less. Shipments from Argentina and Australia may be expected to continue at about the same rate. Low world price levels will tend to continue to restrict North American shipments which have been practically all from Canada this year.

While shipments have been less this year than a year ago, they have, nevertheless, been so large as to exert constant pressure on the restricted demand in European importing countries. Some of the pressure, however, which would otherwise have been present has been taken off from such markets by the unusually large Australian shipments this year to the Orient. With supplies abundant and demand restricted there is little likelihood that world prices will strengthen very much during the next month. By late April and May crop prospects in the Northern Hemisphere will become an important price factor.

CORN AND OTHER FEED GRAINS

The unusually mild winter to date, careful utilization of available grains and roughages, and smaller livestock numbers have materially reduced feed requirements. More wheat is being fed than was anticipated earlier, and imports of feed grains during the next several months may increase further. With a continuance of the mild winter weather, above factors are suggestive of a slight downward trend in the price of corn. However, the short supply of feed will maintain a level of prices during the spring months well above a year ago. Market stocks of corn decreased in February by a smaller amount than in January because of the reduced demand from industries and feeders and continued importations of foreign feed grains. Prospects favor a larger corn acreage in the South.

Market prices of corn and also of other feed grains showed little change during February, but declined in the first week of March. No. 3 Yellow corn at Chicago averaged 87.0 cents for the week ended February 2, 87.1 cents for the week ended March 2, and 83.9 cents for the week ended March 9. The average price of all classes and grades of corn at five markets advanced slightly during February, but declined to 85.9 cents for the week ended March 9. No. 2 barley at Minneapolis fell from 108.5 cents early in February to 106.1 cents for the first week of March, while No. 3 White oats at Chicago declined from 53.6 to 52.0 cents per bushel.

The February 15 United States farm price of corn was 84.5 cents compared with 85.3 cents a month earlier and 45.6 cents per bushel on February 15, 1934. The decline was confined principally to the Corn Belt States where prices dropped as much as 5 cents per bushel following the very mild weather. Taking the East North Central States as a group, the farm price of corn declined from 83.3 cents on January 15 to 80.8 cents on February 15 and in the West North Central States from 87.9 to 84.9 cents per bushel. Corn prices also declined in the Middle Atlantic and Pacific Coast States. Lower prices in these areas, however, were partially offset by the seasonally advanced prices in the Southern and Mountain States. The February 15, United States average farm price of barley of 79.2 cents was 1.0 cent under the January 15 figure, but oats were slightly higher, being 54.7 cents on February 15.

Feeding of wheat has increased in recent months and is somewhat greater than was anticipated earlier in the season. The spread between wheat and corn prices is a fair index of the extent of the feeding of wheat and on February 15, the farm price of wheat was only 3.4 cents per bushel over corn compared with 4.0 cents on January 15, 5.3 cents on December 15, and 12.4 cents on November 15. A year ago the spread was 26.4 cents in favor of wheat. Imports of feed wheat (unfit for human consumption) increased sharply up to December, in which month they totaled 1,458,000 bushels, bringing the total for the 6 months, July through December, to approximately 2,700,000 bushels. Imports during January aggregated not quite 800,000 bushels and inspections of arrivals at Atlantic and Pacific coast ports of entry totaled 494,000 bushels.

Prices of feed and of hogs are rapidly approaching their normal relationship again. A favorable feeding ratio will encourage finishing of late fall pigs and also late breeding for this year's spring crop. Based on Chicago prices, the February average hog-corn ratio was 9.5 compared with 9.0 a year earlier. The late February and early March advance in hog prices and the relative steadiness of corn prices resulted in a higher ratio, 11.3 for the week ended March 9.

Receipts of corn at the 13 principal markets fell further in February, being only 6,095,000 bushels compared with 6,597,000 bushels in January. The 5-year (1930-1934) February average was 18,562,000 bushels. The seasonal total of corn receipts, November - February, was 30,473,000 bushels compared with 68,341,000 bushels in the same period last year. The volume of shipments from these markets continued in excess of receipts, but they were not in excess by so wide a margin as in January. Shipments from the above 13 markets in February totaled 7,767,000 bushels compared with 9,061,000 bushels in January. The 5-year (1930-1934) February average of shipments was 7,833,000 bushels. The seasonal total of shipments, November - February, was 39,579,000 bushels or slightly more than the 37,029,000 bushels shipped in the corresponding period last year. With receipts holding up fairly well and a decrease in shipments from markets, stocks of corn in store at the principal markets decreased in February at a slower rate than in January. Late in January commercial stocks were decreasing at a rate of over 2,000,000 bushels a week. During February this was lowered to 1,300,000 bushels and in the first week of March the rate decreased further to 300,000 bushels. Nearly 28,000,000 bushels were in store on March 9 compared with 32,790,000 bushels on February 9 and 42,196,000 bushels on January 5. A year ago 67,912,000 bushels were in store at these markets.

The February corn grind by the manufacturers of starches, syrups, sugars, and other derivatives of corn for domestic use was only 3,399,000 bushels. This was an unusually small grind for February and was 16 percent below the January 1935 grind and 27 percent below the quantity processed in February 1934. The reduced activity this season may be accounted for by the relatively high price of corn resulting in higher operating costs and the unfavorable price relationship between certain corn products and competing commodities, particularly cane sugar.

Imports of feed grains increased in January and February and are expected to be still larger for the next several months. Imports of corn during January, the latest month for which official figures are available, totaled 1,887,000 bushels, of which 1,105,000 bushels were received from Mexico, 490,000 bushels from Argentina, and the remainder from six other

countries. Imports during the 7 months ended with January aggregated 4,694,000 bushels of which 3,677,000 bushels have been received from Mexico, 577,000 bushels from Argentina, and the remainder from nine other countries. Based on inspections at Atlantic and Pacific ports of entry, arrivals of corn in February aggregated about 1,743,000 bushels. Imports from Mexican points of entry are not included in this figure. Imports of oats during January aggregated 1,644,000 bushels with arrivals based on inspections totaling 2,296,000 bushels for February.

Feed requirements have been materially reduced this past winter by the mild weather as well as by reductions in the numbers of animals to be fed. The December - February period was warmer than normal in nearly all sections of the country. February was markedly warmer than normal. Precipitation for the winter is also below normal, except in a few areas including the far Southwest, the West Gulf area, the Northeast and portions of the Mississippi Valley. Livestock numbers as of January 1 were the smallest in the present century. When differences in size and feed requirements of the different species are considered the inventory of livestock at the turn of the year indicates a reduction of about 13 percent from a year earlier. This decrease was more than twice as large as has occurred in any other year of record (since 1890) and was the first year on record when there was a decrease in every species in the same year. The sharpest decrease was in hogs - 35 percent; cattle was second with 11 percent. The decrease in the hog inventory from a year earlier was the greatest on record and the estimated number on January 1 was the smallest in over 50 years. The number of hogs in the North Central States was 41 percent under that of a year ago. Feed requirements can hardly be increased by increasing numbers of animals to be fed until some time in 1936. If a larger 1935 feed crop is obtained the increased feed supplies compared with livestock numbers would encourage some rebuilding of cattle herds, increased farrowings of hogs and feeding of animals to heavier weights.

Farmers' intentions with reference to 1935 feed and forage production may be reflected by the prospective in-shipments of seeds as reported by seed dealers. Despite the need for reseeding thousands of acres of meadows and pastures damaged by drought, sales of forage seeds this spring will average about 6 percent less than in 1934. High prices because of the seed shortage, is given as the principal reason. While farmers will very likely use forage seeds conservatively, some shift from the types of seeds usually utilized is in evidence. Prospective in-shipments of Kentucky bluegrass, alfalfa, cowpeas and sweetclover are expected to be about as large as last year, but sales of timothy, Sudan grass, redtop, red clover, alsike clover, millet and orchard grass may be less. Although in-shipments of soybean seed by retail seed dealers is expected to be less than last year, sales will probably be greater because of the large quantity of locally-grown beans. The relative shortage of cottonseed cake and meal has materially increased demand for substitute high-protein concentrates, including soybean cake and meal. The reduction in the prospective in-shipments of the above seeds may be partially offset by larger sales of seed corn, sorgo and lespedeza. Sales of seed corn are expected to be 12 percent larger than in 1934, with the greatest increase in the western portion of, or just west of, the Corn Belt. Ten percent more sorgo will be shipped in than last year, nearly all of the increase being in Kansas. Sales of lespedeza, mainly Korean, are expected to increase about 9 percent over those of 1934, which were in turn 60 percent greater than in 1933.

March 15 was set by the Agricultural Adjustment Administration as the closing date for acceptance of applications from producers in Iowa, Nebraska, Kansas, South Dakota, Missouri, and Minnesota for optional purchase of seed corn. Latest reports indicate that a total of 157,411 bushels have been placed under opinion in Kansas, Missouri and Iowa. Under the plan, producers with seed quality corn under seal as security for the 55-cent loan have been eligible to place such corn under an option contract for sale at $1.25 per bushel.

Spring farming operations have begun in the South. The planting of corn usually begins in the first week of March in the southernmost parts and by the end of the month, plantings usually begin or are in progress in Tennessee, Arkansas, and Oklahoma. Spring oats are seeded from 2 to 4 weeks prior to corn. No statistics on intentions to plant or seedings are available at this time. However, the ratio of the income from the corn crop to the income from cotton has in past years provided a rather accurate index of the corn acreage the following year in the South. This relationship suggests that the 1935 corn acreage in 11 Southern States may be about 1,000,000 acres larger than in 1934, which would be an increase of about 3 percent in these States. In the Southwest, early hay and forage prospects appear favorable. Hay and grain crops in California are in excellent condition with first cutting of early fields of alfalfa reported. Prospects for early feed crops in Arizona are good. However, much of the Great Plains area has a serious shortage of moisture. Feed for farm and work stock is short in much of this area, but supplemental feeding has been reduced by the warm weather.

POTATOES

Apparently the low potato prices this season are having the expected result of causing growers to reduce their potato acreage. Planting intentions as of January 1 indicate that the 1935 planted acreage will be about 5 percent below that of 1934. Potato prices in recent weeks have been declining under the pressure of heavy marketings. There are still ample supplies of old stock potatoes in the country which are likely to keep prices down during the next month or two. Early new potatoes are beginning to move to market from Florida at prices slightly higher than a year ago, but the market trend is downward.

January reports of intentions of growers indicate that total potato plantings for 1935 are likely to be about 3,244,000 acres. This would be 2 percent less than the harvested acreage of 1934 and 5 percent below the planted acreage of 1934. In the 18 surplus late potato states, this season's plantings may be 7 percent smaller than plantings a year ago and 2 percent less than the harvested acreage. The 12 other late states may show a net decrease of only 1.5 percent from their 1934 acreage. Intermediate States are expected to have a total potato acreage about the same as that harvested in 1934 but 4 percent below their plantings of 1934. Drought and heat caused considerable loss of planted acreage last season. Compared with 1934, the early Southern States, which supply new potatoes from now until June, show a 4 percent reduction of acreage, chiefly in the commercial crop for market shipment.

Assuming normal growing conditions and average yields, the expected United States potato acreage would produce a total crop of about 360,000,000 bushels, compared with 385,000,000 in 1934 and an average of 366,000,000

bushels for the period 1927-1931. The 30 late states may have about 280,000,000 bushels, which would be a reduction of 32,000,000 bushels, or 10 percent, from their 1934 crop. The 5-year average (1927-1931) for this groups of states is 291,000,000 bushels.

March 1 condition of the early potato crop was low, averaging 65 percent of normal in Florida and only 25 percent in southern Texas. Although f.o.b. prices of Bliss Triumps in southern Florida had declined to $2.70 per 100 pounds during early March, they were 30 cents higher than the level of a year ago. Terminal market sales likewise ranged higher than those of last March, but 50 cents to 70 cents below the early February level this year. Recent l.c.l. prices of Florida Triumphs were around $3.15 in New York City and $3.75 in Chicago, on a 100-pound basis. Recent shipments of 150 cars of new potatoes per week were one fourth lighter than the movement a year ago, owing largely to the freeze and frost damage delaying the early crop in both Texas and Florida.

Prices of old potatoes tended downward during the last month, as shipments averaged close to 5,000 cars per week. By March 9, the surplus late potato states had moved 115,625 cars, or 3,650 less than to the same time last season. Eastern potatoes were down to 91 cents per 100 pounds, sacked, on the New York jobbing market, compared with $2.55 a year ago. Round whites dropped 10 cents to a level of 74 cents on the Chicago car-lot market, and Idaho Russet Burbanks were down to $1.50. During early March 1934, these potatoes sold in Chicago at $1.80 and $2.09 respectively.

The Presque Isle section of Maine recently quoted car-lot sales of sacked Green Mountains around 35 cents per 100 pounds, with growers getting only 33 cents bulk per barrel measure. At this time last season the Maine f.o.b. market was $1.75 per 100 pounds. Western New York shippers during early March received 48 cents per 100-pound sack of round whites, or about one fourth the price of a year ago. The Waupaca, Wisconsin, f.o.b. market held around 48 cents, compared with $1.50 last spring. Cash track sales of Russet Burbanks in southern Idaho recently averaged 68 cents per 100-pound sack, as against $1.20 in early March 1934.

The United States farm price of potatoes declined to an average of 45.2 cents per bushel by February 15, about 1 cent less than in mid-January, but 42.5 cents below the February 15 average last year. The February average for the 5-year period, 1910-1914, was 66.3 cents per bushel. The recent extreme range was from 17 cents per bushel in Maine to $1.20 in Mississippi.

APPLES

The trend of apple prices in market centers has been downward since November, contrary to the usual seasonal tendency during this period. Both domestic and foreign apple markets have been weak during recent months largely because of the restrictions placed upon foreign importations. Total United States supplies have not been unusually large but the loss of the foreign markets has caused a larger than usual volume of western apples to be marketed in domestic markets.

Eastern apples in New York reached a seasonal low of $1.35 per bushel in August 1934, then advanced to $1.68 in November, and have declined steadily since that time to $1.60 in February, instead of showing the usual seasonal advance during this period. This exceptional seasonal trend may be attributed to the competition from western apples, which were in large supply this year and for which the export market has been seriously curtailed.

Prices of western boxed apples on the New York auction market reached a seasonal low of $1.71 per box in September 1934. They advanced to $1.80 in November, but have been declining steadily since that time and averaged only $1.60 per box in early March.

Shipments of apples from the Western States are running about 50 percent higher during early March, as compared with those of the corresponding period a year ago. The movement of western apples this season to March 9 totaled 37,095 cars, against 31,646 to the same time last year. On the other hand, shipments of eastern apples are running about one fourth lighter than at this time a year ago, the total movement to date being 21,444 cars, compared with 23,697 by March 10, 1934.

Cold storage holdings of apples usually reach their seasonal peak about December 1, and this season the supplies of western boxed apples were exceptionally large, totaling 18,000,000 boxes in December, compared with about 14,000,000 the year before and a 5-year average for December of 16,415,000 boxes. The December cold storage holdings of barreled apples were at the very low mark of 800,000 against a 5-year average of nearly 1,600,000 barrels. Bushel baskets, however, totaled about 10,500,000 in December, exceeding the average by almost 1,900,000. By March 1, these storage supplies were reduced to 339,000 barrels, 7,935,000 boxes, and 5,000,000 bushel baskets. The total was equivalent to about 13,952,000 bushels, compared with 11,573,000 on March 1, 1934, and 14,106,000 bushels the 5-year average equivalent.

Exports of apples have been greatly reduced this season by reason of restrictions placed on importations of United States fruit in foreign markets. By the end of January, total apple exports were equal to only 5,169,000 bushels, compared with 8,636,000 to the same time last season. Germany formerly was a good market for United States apples, but this season that country has not been an important market for our apples. Quotas established in France have greatly reduced our apple exports to that country, although it has been possible to exceed the quota during recent years on account of other exporting nations being unable to fill their own quotas to France. Since Canadian apples can enter the United Kingdom free of duty, fruit from the United States has been at considerable disadvantage in British markets.

Recent price quotations at London for United States No. 1 2-1/4 in Virginia Yorks averaged $5.53 per barrel; Albermarle Pippens, $6.55; Winesaps, $5.85; extra fancy Washington Winesaps, averaged $2.29 per box; and Newtowns, $2.44.

Although market prices have been declining, during recent months, farm prices of apples have followed their usual seasonal rise since the low point was reached in September. The September 15 farm price averaged 82.2 cents per bushel compared with 103.7 cents on February 15, 1935, - a rise of 21.5 cents per bushel, or about 26 percent. The normal seasonal rise during this period is 28 percent. On February 15, 1934, farm prices averaged 96.7 cents per bushel; the February average for 1910-1914 is 106.0 cents.

TOBACCO

Prices of tobacco sold at auction warehouse markets during February showed declines from January in the case of all types according to state reports. The quality of the tobacco offered was below the general average quality of the crop, as usually happens toward the end of the selling season. Markets for Burley have closed for the season, and flue-cured markets closed several weeks ago.

The following table shows the prices in cents per pound of types sold during February compared with prices during January 1935, and corresponding prices of 1933 and 1934, according to state reports:

Kinds	Feb. 1935	Jan. 1935	Feb. 1934	Feb. 1933
Fire-cured:				
Type 21	11.6	12.8	7.0	7.6
" 22 1/	9.1	9.2	8.1	5.3
" 23 1/	8.1	8.2	5.7	3.6
" 24	7.0	7.8	5.9	2.8
Burley, type 31	12.9	17.4	11.1	8.2
Dark air-cured:				
Type 35	6.1	7.5	8.4	4.4
" 36	7.2	9.0	9.2	3.5
" 37	9.9	9.8	10.1	6.7

1/ Prices for Kentucky sales only.

Domestic output of tobacco products during January was about 2 percent below that of a year earlier, according to the monthly report of the Commissioner of Internal Revenue. Except for snuff, each of the principal classes of tobacco products shared in this decrease. The decline in cigars was 2.6 percent; cigarettes, 1.3 percent; and manufactured tobacco, (smoking and chewing combined), 3.6 percent. Snuff showed an increase of 8.6 percent.

Exports from the United States of leaf tobacco of all types in January were 28,943,000 pounds compared with 25,753,000 pounds a year earlier, and a 5-year average of 37,631,000 pounds. Exports of flue-cured tobacco totaled 24,402,000 pounds compared with 20,734,000 pounds a year earlier,

and a 5-year average of 29,505,000 pounds. Exports of all types of fire-cured tobacco were 2,939,000 pounds compared with 2,703,000 pounds in January 1934, and a 5-year average for January of 5,494,000 pounds. Exports of Burley and of all the other minor export types, except cigar types, were below those of a year earlier and also below the level of other recent years. Exports of stems, trimmings, and scrap continued at a level considerably above recent years, and totaled 2,768,000 pounds for the month.

HOGS

The seasonal rise in hog prices which started in late December continued through February and early March and prices during the first week in March were at the highest levels since October 1930. Including the processing tax, the cost of hogs to packers is now the highest since August 1929. Current prices are approximately double those of a year earlier and reflect a reduction in slaughter supplies of 30 to 40 percent. The seasonal increase in hog slaughter which usually takes place during April and May is likely to be less than average both actually and relatively, hence, the decline in hog prices which frequently occurs during these months probably will be of relatively short duration and will be followed by a further advance during the early summer.

Hog prices rose steadily during February, the weekly average at Chicago increasing from $7.66 per 100 pounds the week ended February 2 to $9.47 the week ended March 9. The average for February at that market was $8.35 compared with $7.70 in January and $4.39 in February last year, when the hog processing tax was 75 cents per 100 pounds less than the current tax. The unusually narrow price spreads which existed in January and early February between Missouri River markets and those further east have widened and the spreads are now more nearly normal. Heavy hogs, however, are commanding a considerable premium over those of lighter weights, thus reflecting the general scarcity of well finished hogs.

Hog slaughter under Federal inspection in February, totaling 2,409,000 head, was 21 percent smaller than that in January, 31 percent smaller than in February last year, and the smallest for the month since 1910. Total inspected slaughter during the 5 months of the current marketing year which began with last October amounted to 17,221,000 head, or 18 percent less than in the corresponding period a year earlier. Slaughter in recent weeks has been ranging from 40 to 45 percent under that of the corresponding weeks of last year and supplies during the remainder of 1935 are expected to continue far below those of 1934, or any other recent year. Average weights are increasing seasonally. The average for the seven leading markets in February was 218 pounds compared with 213 pounds in January and 202 pounds in December, but was 11 pounds less than that of February last year. The reduction in weights compared with a year earlier has been most marked at the markets located in the Western Corn Belt which is the area where the decrease in feed supplies has been greatest.

The hog-corn price ratio has been gradually rising and during the week ended March 9 the ratio, based on Chicago prices of hogs and corn, was 11.3 compared with 8.5 for the month of January.

Wholesale prices of most cuts of fresh and cured pork advanced during February and early March. Advances on loins amounted to $4 to $5 per 100

pounds at New York and $3 to $4 at Chicago. Prices of lard and dry salt cuts reacted slightly. These, however, had risen sharply during December and January, largely because of speculative interest in the lard market, and the reaction which followed was more or less a normal development. The composite wholesale prices of hog products at New York in February was $19.51 per 100 pounds compared with $18.54 in January and $12.45 in February last year. The index of retail prices of hog products at New York (1924-1928=100) was 79.7 in February compared with 75.8 in January, 53.9 in February last year, and 45.3 in February 1933, the post-war low point.

The amount of hog products in storage changed very little during February. Ordinarily there is a marked increase in stocks of pork during the month and lard stocks also often increase. Holdings of pork on March 1, totaling 671,000,000 pounds equalled those of February 1, but were 9 percent less than those of a year earlier and 11 percent smaller than the March 1, 5-year average. Lard stocks on March 1, totaled about 111,000,000 pounds, or only slightly less than a month earlier but were 37 percent smaller than those of a year earlier. Current stocks are now more nearly in line with the 5-year average than they have been for some time.

Hog slaughter usually increases seasonally during April and May, which is the period when the bulk of the pig crop of the previous fall is marketed, and this often results in a seasonal decline in hog prices during these months. In view of the very marked reduction in the 1934 fall pig crop and the probability that many producers will hold back a larger than usual proportion of their fall pigs for the summer markets and for breeding purposes, the seasonal increase in slaughter during the next 2 months is likely to be relatively much less than average.

CATTLE

The advance in cattle prices that began in December and gained headway in January, continued almost without interruption during February. Both the relative and actual advance in prices of all kinds and grades of cattle was much the largest ever known for a 3-month period. During December and the first half of January the improvement in prices was confined largely to the better grades of slaughter cattle. Since the middle of January it has extended to all kinds and grades and has been relatively the greatest for the lower grades of all classes. In view of the advance that has occurred in cattle prices since December, some of which was markedly contra-seasonal, it is probable that most of the effects of reduced supplies, present and prospective, have been reflected in this advance, and that seasonal advances from present levels during the balance of 1935 may not occur or be less than normal.

The average weekly price of all beef steers at Chicago the first week in December was $7.14 and the last week in February it was $10.57. The changes in the different grades were as follows: Choice from $9.29 to $13.39, good from $7.72 to $11.03, medium $5.38 to $8.97 and common from $3.72 to $7.08. During the same period the top price on good slaughter cows advanced from $5.25 to $9.50, and on cutter cows from $2.35 to $4.50. Early in December the range of prices for common to choice stocker and feeder steers at Chicago was $2.50 to $5.50 while at the end of February it was from $5.00 to $9.00. The monthly average of beef steers at Chicago in February was $10.49, compared with $9.24 in January and $5.49 in February 1934. The farm price of beef cattle February 15 this year was $5.95 compared

with $5.05 January 15 and $3.67 February 15, 1934 and was the highest since April 1931.

Supplies of cattle which continued fairly large in numbers during most of January dropped rather sharply in February. Receipts at seven leading markets of 490,000 head were 17 percent smaller than in February 1934, 9 percent smaller than the 5-year February average and, with the exception of 1933, the smallest in many years. Inspected slaughter of 659,000 head in February was 10 percent smaller than in February 1934 and 10 percent above the 5-year February average. Although there were some government cattle included in the February slaughter, this number was relatively small and most of the total was commercial slaughter. Supplies of calves were relatively about the same as supplies of cattle and the inspected slaughter of 390,000 head, was only 11 percent smaller than in February 1934. The number of beef steers at Chicago in February was only 58 percent as large as in February 1934 and only 72 percent as large as in the next smallest February supply in the 14 years for which records are available. The number of choice steers, however, was large for February and the proportion of good and choice was the second largest for the month in 14 years. The average weight for all grades in February this year was 1,026 pounds compared with 1,145 pounds in February 1934, 1,108 in February 1933 and 1,017 in February 1932.

The relatively high cattle prices in this country have resulted in considerable importations of slaughter cattle from Canada since the first of the year. For the first time in a number of years the Chicago market has had supplies of medium to good Canadian slaughter steers. Likewise eastern consuming markets have been receiving some quantities of Canadian dressed beef. As these cattle and this beef have been diverted to the United States cattle prices in Canada have tended to advance and can be expected to be maintained at least at a parity with United States prices minus the import duty and additional marketing costs. Rather large importations of stocker cattle and some importations of lower grade slaughter cattle from Mexico are to be expected during 1935, but these are not apt to be large, except possibly into California and Arizona, until the feed situation in other grazing areas is improved.

The advance in cattle prices has resulted from the reduced market supplies of cattle and from the sharp curtailment in hog slaughter. Per capita supplies of beef and pork combined in February were doubtless the smallest for that month on record if not for any month on record. This has been reflected in sharp advances in prices for both beef and hog products and for cattle and hogs. In the case of cattle, however, the advance was greater than would ordinarily be expected to follow such reduction as has occurred in cattle slaughter unless accompanied by a marked improvement in consumer buying power.

During 12 of the 13 years from 1922 to 1934 (inclusive) the average monthly price of beef steers at Chicago advanced between February and the end of the year. The average advance in these 12 years from the February average to the highest monthly average during the last 6 months of the corresponding year was $2.05 and the largest advance was $3.50 - in 1927. It happens that the average February price in 1927 of $10.50 was the same as in February 1935. The highest monthly average price in 1927 of $14.00 was in November and the top on fed steers in that month reached $19.00, the peak since

1919. However, in February 1927 there had been no such advance in the preceding 3 months as in the 2 months preceding February 1935. Hence, it hardly seems likely that an additional advance in the monthly average as large as occurred in 1927 or even as large as the 12-year average will take place. But with supplies of fed cattle certain to be small during the next 8 months at least, and hog supplies during those months to be even more drastically reduced than in February a high level of cattle prices will continue.

BUTTER

Butter prices reached a peak in early February, but by the end of the first week of March had declined about 7 cents per pound. During this same period there was a much smaller decline in foreign prices, and the margin between domestic and foreign prices was reduced to about 15 cents. This reduction in the margin will tend to reduce imports, which were fairly large in January and February. Domestic production of butter is low and will probably continue low till grass is available. Stocks are also low. With these short supplies prices will probably continue to exceed foreign prices by the full amount of the tariff, up until the pasture season. Production during the summer months will be more dependent on pastures than usual because supplies of grain and hay available for supplementary feeding will be small until new crops are available.

The price of 92-score butter at New York in February averaged 36.2 cents, this was 2.0 cents higher than in January and 10.8 cents higher than a year earlier. The index of prices adjusted for seasonal variation (1910-1914 = 100) rose from 100 in January to 116 in February. The price of butter reached a peak of 38.5 cents February 2, but declined to 31.5 cents in early March. Even with this decline prices in early March averaged higher than in December, when the seasonal peak of prices usually occurs. On March 7 the margin between the price of 92-score butter at New York and New Zealand butter in London was 15.4 cents compared with 18.2 cents on January 1. This decline in the margin between foreign and domestic prices will tend to reduce imports.

Imports of butter in January of 539,000 pounds were about ten times as much as in January 1934, but only about one half as great as the January average for the 5 years 1925 to 1929. Trade reports indicate that imports in February were larger than in January.

The farm price of butterfat in mid-February was 35.9 cents per pound, 5.4 cents higher than in January and 14.3 cents more than in February 1934. From mid-January to mid-February the farm price of feed grains declined slightly so that in mid-February the price of butterfat in relation to feed grains was the highest since May 1934 but somewhat lower than a year earlier, and decidedly below average. This price relationship and the short supplies of feed indicate light production of dairy products for several months.

Estimated butter production in January was the lowest for the month since 1927 and 11 percent less than a year earlier. Production in January and December was less than in November when the seasonal low point of production usually occurs. The index of production which is adjusted for seasonal variation declined from 128 in November to 100 in January. Weekly reports indicate that production continued low during February and early March.

Total trade output of creamery butter in January of 128,800,000 pounds was 13.3 percent less than a year earlier. Government distribution of butter for relief in January 1934 was large. Trade output through regular commercial channels in January of this year exceeded those in the same month of 1934 by 1.3 percent. Retail prices of butter in January were decidedly higher than a year earlier. The changes in prices and apparent consumption indicated that consumers expenditures for butter in January were 49 percent higher than the very small amount in January 1934.

Cold storage holdings of butter on March 1 were about one half as great as a year earlier and were only 8,000,000 pounds. The seasonal low point in stocks usually comes on May 1. The margin between prices during the out-of-storage period and the into-storage period this last year was unusually wide, and indicates the probability of a strong storage demand during the coming summer.

The rise in butter prices has stimulated the production of oleomargarine. From January 1934 to January 1935 the retail price of butter increased 47 percent, while the retail price of oleomargarine increased 34 percent. Production of oleomargarine in January of 33,300,000 pounds was 92 percent larger than in the same month of 1934, and except for 1931, the highest for the month since 1920.

CHEESE

Cheese prices have been stable at a period of the year when prices usually decline. Light production and improved demand have strengthened prices. With prospects for relatively light production of dairy products, and the short supplies of meat, the seasonal decline in prices until the pasture season starts will probably be relatively small.

The price of cheese (twins) on the Wisconsin Cheese Exchange in February averaged 15.7 cents per pound, which was 1.6 cents higher than in January and the highest for the month since 1930. Cheese prices usually reach the seasonal peak in January. This year the peak was later in the season than usual.

Cheese production in January of 26,100,000 pounds was 9.4 percent less than in January 1934, the smallest for the month since 1928, and 21 percent below the peak production in January 1933. January production was less than December, instead of showing the usual seasonal increase, and the index of production which is adjusted for seasonal variation declined from 135 in December to 108 in January. American cheese production in January in Wisconsin was 2 percent less than a year earlier. Each of the groups of states showed marked decreases. In New York the decline from the preceding year was 72 percent. Cheese production will probably continue relatively low during the remainder of the feeding period.

Trade output of cheese in January of 50,500,000 pounds was 13.0 percent larger than in January 1934 and a new high for the month. Government distribution of cheese in January was relatively large, so that trade output through regular commercial channels was only 8.7 percent larger than a year earlier. Retail prices of cheese were up 11 percent. Based on these

changes consumer expenditures were about 21 percent higher than in January 1934, and were the highest for the month since 1931.

Cold storage holdings of American cheese on March 1 were 60,900,000 pounds compared with the 5-year average of 50,900,000 pounds.

Imports of cheese in January of 3,600,000 pounds were about 25 percent greater than a year earlier, but less than the January average for the 5 years, 1925-1929.

LAMBS

Prices of slaughter lambs at Chicago in February were lower than in January, declining during the first half of the month but recovering somewhat toward the end. Price fluctuations, however, were relatively small, the top at Chicago ranging from $8.75 to $9.00 during most of the month. The price of slaughter ewes did not change much during February. Feeder lamb prices were lower in February than in January. While slaughter lamb prices were considerably higher in January this year than last, February prices this year were considerably lower than last year. The February 15 farm price of lambs was $6.65 this year compared with $6.21 January 15, and $6.55 February 15, 1934. While continuing high prices for beef and pork will tend to support the lamb market during the next few months no sharp advance from price levels on fed lambs prevailing early in February now seems likely.

The decline in lamb prices in February in view of the sharp advances in cattle and hogs can be explained by two conditions - the relatively large supplies of slaughter lambs and the lower pelt values resulting from lower wool prices. Receipts of lambs at seven leading markets were 4 percent smaller in February this year than last, but inspected slaughter of 1,137,000 head was only 2 percent smaller than a year earlier. There was an increasing movement of wheat-field lambs from Kansas and Oklahoma in addition to rather heavy supplies from the Corn Belt, but the shipments from the Colorado-Scottsbluff area were smaller than in February last year. The number of lambs still in feed lots on February 23 this year in this latter area was estimated at 1,030,000 head compared with 1,100,000 head at about the same date in 1934.

Wholesale prices of dressed lamb in January 1935 were considerably higher than in January 1934, the monthly average of choice lambs 38 pounds down at New York being $19.10 this year compared with $14.56. In February, however, prices this year were but little different than in February last year, having declined from January this year, while last year they advanced sharply in February. Compared with February last year pelt values this year were much lower as a result of the sharp decline in wool prices. At the end of February last year scoured pulled wools at Boston ranged from 67.5 to 97.5 cents for different grades while this year the range was from 50.0 to 70.0 cents. The index of retail lamb prices (1924-1928 = 100) in February this year was 62.2 compared with 62.8 in January and 55.4 in February 1934.

Supplies of slaughter lambs during the 3 months, March to May, this year are expected to be as large as for these months last year. While the number of lambs on feed January 1 this year was estimated as somewhat smaller

than a year earlier there was a much larger movement of feeder lambs to feed lots in January and February this year than a year earlier, such shipments from 12 markets being 237,000 this year compared with 134,000 last. The early lamb crop in California is considerably larger this year than last and as a result of the excellent feed conditions the early lambs have developed much better this year than last. Nearly all will reach slaughter condition this year, while last year there was a large feeder end. Slaughter weights this year will also be heavier than last.

WOOL

Domestic wool prices are likely to continue somewhat irregular in the next few months with some further weakness in prices of most grades in prospect. Although the consumption of wool by United States mills since November has been higher than at any time since 1933 and domestic wool production in 1935 will be reduced somewhat the large stocks of unmanufactured wool in this country and abroad probably will prevent any marked improvement in wool prices in the first half of 1935 at least. Sharp reductions in domestic price quotations on territory wools were made in February, and wool prices in foreign markets also weakened during the month. The volume of trading on the Boston market increased in late February and sales in early March were reported to be larger than at any time since the summer of 1933.

The current marketing season in foreign countries has been characterized by a slow movement of wool from producing centers. Exports from the five important wool producing countries of the Southern Hemisphere for the current season up to December 31, 1934 were estimated at approximately 560,000,000 pounds, a decrease of about 33 percent compared with the same period in 1933. As compared with average exports for this period for the years 1928 to 1932 the decrease is 20 percent. While apparent supplies in these countries are relatively large the situation is believed to be offset to some extent by smaller stocks in importing countries. The improvement in trading and manufacturing activity reported by most European wool centers in the last quarter of 1934 was fairly well maintained during January 1935.

Asking prices on graded western grown spot wools in Boston were revised downward in the third week of February following recommendations by the Wool Advisory Committee. Prices of these wools had been largely nominal for some time and revisions were made to correct the unusual spread between prices of territory wools and fleece wools in the Boston market and to bring the prices fixed for territory wools in August to ranges within which similar wools, handled direct from the country, had been selling. The new quotations for territory wools are also more nearly in line with reported farm prices of wool in the Western States. The new asking prices on fine (64s, 70s, 80s) strictly combing territory wool averaged 66.0 cents a pound scoured basis, compared with 76 cents a pound prior to the revision. Similar 3/8 blood (56s) averaged 56 cents a pound compared with 66 cents in the first half of February. In the second week of March 1934 prices for these grades of wool averaged 87 cents and 81.5 cents a pound respectively. The United States average farm price of wool as of February 15 was 18.1 cents a pound compared with 18.8 cents on January 15 and 25.4 cents on February 15, 1934.

Mill activity in the United States wool industry has been maintained at a relatively high level since November. The Bureau of the Census reports that the weekly average consumption of apparel class wool (formerly called

combing and clothing wool) in January was 9,841,000 pounds of shorn wool, grease shorn basis, and 2,018,000 pounds of pulled wool, grease pulled basis. This compares with a weekly average in December of 8,182,000 pounds of shorn and 1,502,000 pounds of pulled wool. Weekly average consumption in the 30 weeks, July 1934 to January 1935 inclusive was 6,014,000 pounds of shorn wool and 1,202,000 pounds of pulled wool. Consumption was at a very low level during the first 3 months of this period. These figures inaugurate a new series of consumption reports published by the Bureau of the Census. The data cover the raw wool consumption of all manufacturers in the United States known to use raw wool.

The revised estimate of 357,658,000 pounds for the domestic wool clip for 1934 together with the estimated pulled wool production of 60,500,000 pounds shows a total production in the United States in 1934 of 418,158,000 pounds. This compares with a total production of 428,921,000 pounds in 1933. As a result of a reduction of about 5 percent in sheep numbers in the United States during the year ended January 1, 1935, and the poor condition of sheep and ranges during the current wool growing period, the wool clip of 1935 is expected to be further reduced.

COTTON

Domestic cotton prices while comparatively steady during recent weeks declined sharply on March 11 to 11.21 cents, the lowest level recorded for more than 9 months, followed by a recovery to about 11.50 cents by March 14. In Liverpool, prices of Indian cotton continued to strengthen relative to American and during February the ratio of Indian to American averaged 75 the highest for more than a year, and compares with an average for last October of about 65. World consumption of American cotton (exclusive of Germany) in the first half of the current season amounted to 5,451,000 bales, a decline of 16 percent compared with a year earlier, and was the smallest for the period since 1930-31. Consumption of Indian cotton during the first half of the season was the largest for the period since 1930-31 and consumption of sundries cotton the largest in history. With the decline in crop prospects in India and the resulting higher price of Indian relative to American, it is expected that American cotton may represent a larger proportion of the total world consumption during the last half of the season than during the first half.

Prices of cotton in domestic markets continued comparatively steady during February and the first week of March. During this period the daily average price of Middling 7/8 inch in the 10 designated markets fluctuated within a few points of 12.50 cents except on February 18 when there was a temporary advance to 12.71 cents due largely to the decision of the Supreme Court relative to the gold cases. Between March 9 and March 14 domestic prices declined to less than 11.25 cents, the lowest level reported since last May, but recovered on the 14th to almost 11.50 cents. The average price of Middling 7/8 inch in 10 markets for February was 12.47 cents compared with 12.55 in January and 12.02 in February 1934 and was the highest for the month since 1930. In general, Liverpool prices of American cotton have continued steady during recent weeks with prices of Indian cotton advancing still further relative to American. In February the ratio of three types of Indian to American Middling and low middling was about 75 compared with 73 in January and a low point of 65 last October. Present prices of Indian cotton are the highest relative to American since January 1934.

World consumption of American cotton during the 6 months ended January 31 exclusive of consumption in Germany, which was not reported, amounted to 5,451,000 running bales according to a report from the International Federation of Master Cotton Spinners' and Manufacturers' Association. This represented a decline of 1,027,000 bales or 16 percent compared with a year earlier. Since consumption in Germany has no doubt shown a greater decline than consumption in most of the other foreign countries, the total decline including Germany was no doubt greater than that indicated above. Consumption of Indian cotton for the world, exclusive of Germany, in the first half of the season was reported at 2,887,000 running bales which represented an increase of 27 percent and was the highest for the period since 1930-31. The situation in Germany has been of comparatively little importance to Indian cotton as Germany usually uses only a small amount of this cotton. Consumption of Egyptian cotton for the half year period was not greatly different from that of a year earlier but consumption of sundries cotton reported at 3,349,000 running bales was 32 percent larger than for a year earlier and the largest on record.

Exports of American cotton during February were about 38 percent less than a year earlier, whereas during the first 6 months of the season exports were 42 percent less than during the like period last season. It seems likely that the decline in the 1934-35 Indian crop and the rather marked advance in the price of Indian cotton relative to American during the past few months would result in domestic exports during the last half of the season being higher relative to a year earlier than during the first half of the season unless the domestic supply is so tied up, that it won't move. Total exports of Indian cotton from August 1 to January 31 were 40 percent larger than during the first half of 1933-34 but were slightly less than the 10-year average for the period. Exports of Egyptian from August to January were about 14 percent less than a year earlier.

Domestic consumption during February amounted to about 478,000 running bales compared with 547,000 running bales in January and 477,000 in February last year. The decline from January to February was due entirely to the fewer working days as the average rate of consumption was slightly higher in February than in January. According to trade reports, sales of cotton textiles during January were considerably smaller than production, with manufacturers reducing their unfilled orders. Cotton textile mill activity in most European countries continued at rather low levels during January and February, while in Japan and India activity was at very high levels.

The 1934-35 world cotton crop is now estimated at 22,600,000 bales of 478 pounds compared with the estimated production in 1933-34 of 26,100,000 bales and a 10-year average of 25,535,000. Production in foreign countries is estimated at 12,869,000 bales, a decline of 184,000 bales from the record crop of 1933-34 and 400,000 bales from the previous estimate of the current crop released about the first of January. The decline in the estimated

foreign production as compared with 1933-34 is due largely to a decline of almost 600,000 bales in the estimate of the Indian crop which more than offset the increased production of Brazil, China, Russia and a number of minor countries. The decline in the estimate of the current foreign production compared with the estimate released in early January is due largely to the crop deterioration in India. A few months ago it was believed that the Indian crop would be only slightly less than in 1933-34.

The 1934-35 world acreage is now tentatively estimated at 73,400,000 acres, a decline of 1,000,000 from the previous season and 7,470,000 from the 10-year average acreage. The 1934-35 foreign acreage is tentatively estimated at 45,885,000 acres, an increase of 1,463,000 acres over the previous season and 5,533,000 acres over the 10-year average. The increase in foreign acreages is due to larger acreages in Brazil, China and a number of minor countries.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914 = 100	Commodity prices: United States: Wholesale 4/	Commodity prices: Foreign 5/: In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100					1926 = 100			
1929-									
July	124	107	106	147	141	96	94	6.00	344
1930-									
Jan.	106	96	97	145	135	92	90	4.94	252
July.	93	84	90	120	123	84	83	3.16	232
1931-									
Jan.	83	70	80	101	114	78	76	2.85	168
July	82	66	77	86	105	72	74	2.00	143
1932-									
Jan.	72	54	69	71	98	67	71	3.88	79
July	58	40	59	63	94	64	67	2.54	46
1933-									
Jan.	65	40	60	60	89	61	68	1.44	62
Mar.	59	37	59	55	88	60	66	3.30	58
July	100	51	72	83	101	69	68	1.75	100
Oct.	76	59	80	76	104	71	69	1.50	93
Nov.	72	56	76	80	104	71	69	1.50	96
Dec.	75	54	74	78	103	71	68	1.50	99
1934-									
Jan,	78	54	73	77	105	72	69	1.50	103
Feb.	81	61	78	83	107	74	69	1.50	107
Mar.	84	65	81	84	108	74	69	1.26	102
Apr.	85	67	82	82	107	73	69	1.25	104
May	86	67	82	82	108	74	68	1.18	95
June	83	65	81	86	109	75	68	1.00	97
July	76	60	79	87	109	75	69	1.00	94
Aug.	73	62	80	96	112	76	70	1.00	92
Sept.	71	58	76	103	113	78	70	1.00	90
Oct.	73	61	78	102	112	76	69	1.00	94
Nov.	74	60	77	101	112	76	69	1.00	99
Dec,	86	63	78	101	112	77	69	1.00	102
1935-									
Jan.	90	64	79	107	115	79	69	1.00	103
Feb.				111				1.00	103

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - 0 - - -

152 P

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release April 15, 1935

THE PRICE SITUATION, APRIL 1935

FARM PRICES

Market prices indicate that the general level of farm prices is somewhat higher than a month ago. Prices of butter, livestock, grains and potatoes have increased since mid-March. Reduced supplies of early potatoes, unfavorable crop conditions in a large part of the Winter Wheat Belt, and low butter production have contributed to the recent rise in prices of these commodities.

During the next few months farm prices generally, especially for crops, will be influenced by weather conditions. If crop and pasture conditions are favorable there may be some reduction in prices of feeds. Prices of dairy products are expected to decline somewhat with the advance of the pasture and crop season. Wool prices have recently improved as a result of the stronger demand both in domestic and foreign wool markets. Hog prices probably will continue on a high level during the spring and summer months. Cattle and lamb prices may continue near present levels.

The index of farm prices in mid-March was 108 percent of the pre-war average compared with 111 in February and 84 in March 1934. Meat animals alone of the groups showed a rise in price during the month ended March 15. The preliminary estimate of prices paid by farmers on March 15 was 128 percent of the 1910-1914 average compared with 127 in February and 120 in March 1934. The ratio of prices received to prices paid by farmers consequently declined to 84 in March from the recent high of 87 in February compared with 70 in March last year.

WHOLESALE PRICES

The general level of wholesale prices declined about 1 percent during March to 115 percent of the pre-war average compared with 108 in March 1934. Most of the late March decline was the result of lower prices for farm products and foods. Prices of chemicals and drugs also declined somewhat in late March.

Prices of commodities other than farm products and foods combined are a little lower than a year ago, but they have been remarkably stable for the last year and a half. Chemicals and drugs, and fuel and lighting materials are the only groups, except farm products and foods, whose prices are now higher than a year ago. During the past year prices of textile products have declined 9 percent, hides and leather 4 percent, and building materials, metals and metal products, housefurnishing goods and miscellaneous products have declined a little.

Wholesale prices in Canada and Italy increased a little in March whereas prices declined somewhat in England, France, and Germany. Index numbers of wholesale prices as reported for 33 countries by the League of

Nations indicate that prices in 1934 were fairly stable in 14 countries, increased considerably in 12 countries and decreased considerably in seven countries. The seven countries in which prices declined were mostly in the so-called European gold bloc.

BUSINESS CONDITIONS

Industrial production made less than the usual seasonal increase in March, but preliminary indications point toward a continued improvement in retail trade during the month. The output of iron and steel has continued to decline each week since mid-February in contrast to the usual seasonal increase. Textile activity declined more than seasonally in March and in the latter part of the month a 25 percent curtailment was authorized in several lines of textile activity by the code authority. Automobile production continued to increase, but the expansion in March was no more than usual for this time of the year. Employment and payrolls increased sharply in February and preliminary data for New York State indicate further advances in March. Increases of 5 percent on April 1 in wage rates of railroad and Federal workers will add to the incomes of consumers. The devaluation of the belga and the uncertain political situation in many European countries has led to some uncertainty regarding the future trend of industrial activity in foreign countries.

Automobile output during March continued at a level well above that of March last year. Retail sales have also been considerably higher than a year ago, but the improvement over a year ago was not as marked in March as in January and February. The marked increase in sales of new cars has resulted in increased inventories of used cars and has been accompanied by decreased trade-in allowances in some sections. This may tend to restrict the sales of new cars in April and May which are normally the peak months of sales. Since dealers of most of the leading manufacturers are now well stocked with 1935 models the future trend of automobile output is uncertain, but it appears probable that the peak of production has about been reached. The nearing of the peak of industrial production in many other lines of activity using large quantities of steel, such as containers and agricultural implements, and the low level of replacements by railroads indicate only a moderate demand for steel in the near future. In response to possibilities of a labor strike, bituminous coal output was increased sharply in March in contrast with the usual seasonal decline. Large stocks of coal have been built up and more than the usual seasonal decline in coal mining is in prospect. The outlook for production in these major lines of activity together with the curtailment in textile activity indicates some decline in the level of industrial output during the second quarter of the year after allowance for usual seasonal changes.

Building contracts awarded made about the usual seasonal increase from February to March but they were only about two thirds as large as at the same time last year. While contract awards for residential construction during March were higher than a year ago this increase was more than offset by the marked decline in public works contracts. Electric power production made about the usual seasonal changes from February to March, indicating a continuation of the February level of activity in minor industries.

Retail sales in March continued the improvement noted in February. The seasonally adjusted Federal Reserve Board's index of the dollar value of department store sales increased from 75 percent of the 1923-1925 average in February to 80 percent in March. Mail-order house sales, retail sales in rural areas and sales of farm machinery were all somewhat higher than at the same time last year.

The high level of the bond market together with declining interest rates has been accompanied by an increased amount of refinancing of long-term obligations during the past month, which is a favorable factor in the long-time outlook for industrial recovery. The volume of financing in March, exclusive of government financing, was the largest for any month since 1932. In addition there were reports of a substantial amount of other security issues impending.

The devaluation of the belga by 28 percent, fluctuations in the value of the English pound, the decline in prices of many raw products, and further apprehension regarding the ability of the remaining gold bloc countries to continue on the present gold standard have all led to uncertainty regarding the future trend of industrial activity in European countries and of international trade. The marked decline in prices of raw materials, such as coffee and rubber, has been largely the result of a breakdown in attempts to maintain prices and control production. While these price declines temporarily disrupt trade, the long-run tendencies should be to stimulate trade and industrial output in those industries using these commodities.

The Economist index of business activity in the United Kingdom declined from 115.8 in January to 112.5 in February and latest reports indicate little change in the general level of activity in recent weeks. The decline was largely due to a sharp fall in the amount of building plans passed and to lower consumption of iron, steel and cotton. Little more than seasonal changes in business activity were evident in European countries. In the Far East, Japan's foreign trade continued well above a year ago and some improvement has been noted in business activity in China from the low levels prevailing last winter. Industrial activity in Canada is increasing and in February was at the highest level since September 1930.

WHEAT

Present conditions in the United States suggest that wheat prices during the next month will average higher than February levels. However, crop developments will be of primary importance in influencing the market. Continued moisture deficiency in parts of the winter wheat area, including western Nebraska, Kansas, and Oklahoma, the Texas Panhandle and eastern Colorado and New Mexico, has resulted in a large proportion of the acreage being abandoned. In the worst sections of this area, complete loss of acreage was reported, as of April 1, while abandonment of about 28 percent of the entire winter wheat sown acreage was indicated. Condition of winter wheat was reported at 69.8 percent of normal, compared with 74.3 percent on the same date in 1934 and the 10-year average (1923-1932) April 1 condition of 78.9 percent. Recent advances in world prices are also a strengthening influence on our domestic markets. Liverpool prices of May futures rose sharply from mid-March to early April, largely as the result of an increase in European import demand and a decrease in overseas shipments. The increase in European demand is in part due to war fears which have resulted in the

increasing of stocks as a reserve in case of possible trouble. This rise in Liverpool price, however, has been reflected, only in part thus far, in increased prices in the United States, Chicago May being over Liverpool by 22.5 cents the week ended March 16 and only 17.1 cents for that ended April 6.

Production of winter wheat in 1935, based on April 1 condition, was forecast by the Crop Reporting Board at 435,499,000 bushels, compared with 405,054,000 bushels produced in 1934 and 350,792,000 bushels in 1933. Whereas, this represents a reduction from earlier estimates, under fairly favorable conditions from now on in the spring wheat area total domestic production still appears likely to be more than ample to take care of domestic utilization in 1935-36. Recent moisture in the spring wheat states is averaging better than normal and while subsoil moisture is lacking, conditions are generally favorable for seed germination. The development of the spring wheat crop this year will be watched with special interest and will have more than its usual effect as a price factor.

The United States average farm price of wheat as of March 15 was 85.5 cents per bushel, compared with 87.9 cents a month previous and 70.9 cents as of mid-March last year. Market price changes since March indicate that the April 15 farm price will be higher than on March 15. Market prices after declining generally from mid-February to mid-March rose during the latter part of the month. Thus, at Kansas City, No. 2 Hard Winter, which averaged 94.9 cents for the week ended March 16, averaged 98.2 for the last week of the month. At Minneapolis, No. 1 Dark Northern Spring rose during the same period from 110.6 to 114.8 cents and at St. Louis No. 2 Red Winter rose from 92.0 to 93.8 cents.

April 1 farm stocks this year are estimated at 93,699,000 bushels, compared with 116,298,000 as of the corresponding date last year and 183,185,000 in 1933. The April 1 stocks this year are the smallest since 1928, when they were 88,057,000 bushels. Moreover, the total of farm stocks plus commercial stocks this year is the smallest since 1926, amounting this year to 145,581,000 bushels, compared with 213,430,000 a year ago, 318,737,000 in 1933, and 117,223,000 in 1926. Commercial stocks on April 1 this year were 51,882,000 bushels, compared with 97,132,000 a year ago and 135,552,000 in 1933. No figures are as yet available for merchant mill stocks which last year totaled 101,301,000 bushels and the year before, 111,495,000 bushels.

During March, world shipments declined from the level of January and February, March shipments averaging 9,696,000 bushels per week, compared with the January-February average of 10,078,000 bushels. The March decline was due primarily to the drop in Argentine shipments. It is especially difficult this year to estimate shipments for the rest of the season because of political and economic uncertainties in European countries and the uncertain price policy which will be pursued by Canada, whose exports become increasingly important at this time of the year. It is to be expected, however, that shipments will average higher for the April-June period this year than for the same period a year ago, when they averaged 9,608,000 bushels per week.

The surplus of wheat available for export or carry-over in the principal exporting countries, as of April 1, appears to be in the vicinity of 587,000,000 bushels this year, compared with 821,000,000 last year and

871,000,000 in 1933. Assuming these totals and adding estimates for United Kingdom port stocks and quantities afloat gives approximately 629,000,000 bushels as a total for the current year, compared with 872,000,000 last year and 933,000,000 two years ago. If shipments from the exporting countries average materially larger during the months April to June than they did for the same period a year ago, the surplus may be reduced correspondingly below 500,000,000 bushels on July 1. To the foregoing surpluses must be added that for the Danubian countries which on April 1 was placed at 17,400,000 bushels. During the past month, exports from Danubian countries were practically negligible. No exports have been reported for Russia since early December.

In Europe, estimates of acreage, excluding Russia, are about 2 percent greater than last year. Crop prospects at this time generally compare favorably with former years, except for parts of eastern Europe. The central and western sections appear to have survived the winter quite well, but considerable damage has been reported in many sections of eastern Europe, including Russia, as the result of the period of severe cold weather during the first half of March, following a very mild late February. Rainfall for most districts of Europe has been fully average or above for the season to date. This is not true of Russia, however, where many southern sections have had disappointingly small amounts of snow or rain. The lack of moisture is presumably responsible for dust storms recently reported in Russia.

In Canada, even though reserve moisture continues to be deficient over large areas of the spring wheat section, moisture conditions are considered better than at this time a year ago.

CORN AND OTHER FEEDS

Feed grain prices declined in the first 3 weeks of March, influenced by continued relatively heavy importations of foreign feeds, prospects of large supplies of Argentine corn, reduced feed requirements in the United States, and a recession in the level of prices of speculative commodities. Some recovery occurred in the last week of March and the first week of April, with a decrease in imports, and unusually rapid disappearance of domestic market stocks. The advance in prices may be considered temporary, since prospects suggest a slight downward trend in prices. A larger corn acreage will be seeded this spring than a year ago, and moisture conditions in the Corn Belt are generally favorable. A larger acreage of other feed crops is also expected. Imports of feed grains, particularly of Argentine corn, may increase as supplies become available from a large harvest. "Grass time" will provide a solution to many feeding problems, especially those arising out of the scarcity of feeds and hay. Spring meadows and pastures were in good condition east of the Mississippi River early in April, but both pastures and ranges were poor in the Plains area.

The United States farm price of corn, March 15, was 82.7 cents compared with 84.5 cents on February 15 and 47.1 cents per bushel a year ago. Market prices of feed grains declined generally during the first 3 weeks of March, but they regained a large proportion of the loss in the last week of that month and the first week in April. The decline was relatively greatest in oats and barley. From the week ended March 2 to the week ended April 6, the average price of all classes and grades of corn at five markets declined

from 88.3 cents to 86.7 cents, a loss of 1.8 percent. For comparison, No. 3 White oats at Chicago fell in the same period 9.5 percent (54.5 cents to 49.3 cents), and No. 2 barley at Minneapolis 4.2 percent (109.2 cents to 104.6 cents). Both oats and barley declined from the high level of prices consistently maintained since last September. While the United States farm price of corn has not declined significantly from the seasonal high to date of 85.3 cents on December 15, central western market prices have declined considerably . The highest point to date of all classes and grades of corn at five Corn Belt markets was reached on December 5, -- 102.5 cents; since that date, the lowest average was observed on March 19, -- 79.2 cents.

The relatively greater advance in the farm price of hogs compared with that of corn increased the hog-corn ratio for March 15 to 9.8 compared with 8.4 a month earlier. On the average, the highest hog-corn ratio of the season is reached on March 15, and the lowest in the summer months of July and August. Based on Chicago prices, the hog-corn ratio on April 6 was 10.4.

Farm stocks of corn on April 1, 1935 were only 438,180,000 bushels compared with 841,498,000 bushels a year ago. Although the disappearance of corn from farms during the last quarter was small in quantity, it was unusually large in relation to the size of the crop. In contrast, the disappearance of oats was about the usual percentage of the crop, with farm stocks on April 1 totaling 208,185,000 bushels compared with 275,425,000 bushels on that date of 1934. Total supplies of corn and oats on farms were only about one half the average April 1 supply of the past 9 years, and were only about equal to the usual quantity of these grains fed on farms between April 1 and July 1. Despite reduced livestock numbers, continued feeding of livestock on short rations, and extensive use of pastures and early feed crops are obvious.

Stocks of corn on United States farms are too small to offset the seasonal decrease in terminal supplies until harvest or to maintain market inventories near a reasonable size, considering normal farm and commercial demands. Marketings of corn during March remained small. Receipts at the 13 principal markets in March totaled 7,609,000 bushels compared with 14,270,000 bushels, the 5-year March average. Shipments of corn from these markets again exceeded receipts, totaling 9,358,000 bushels in March compared with the 5-year March average of 8,611,000 bushels. Receipts of oats in March at these markets were much smaller than shipments, which were the largest for any month since October 1934. The deficiency of corn and oats receipts compared with shipments was particularly noticeable in the latter half of March. The rate of decrease in market stocks of corn, oats and barley toward the close of that month was of record proportions so far in 1935. The weekly decrease in market supplies of corn, oats, and barley during February was between 60,000 and 70,000 short tons, but during the last 2 weeks of March the disappearance increased to about 95,000 tons per week. During the first 7 days of April, disappearance was 83,000 tons.

Feed supplies for 1935-36 will be larger than in the 1934-35 season, if growing conditions this spring and summer are no less favorable than in the same period last year. Record 1935 acreage of grain sorghums and soybeans, a fairly large acreage of peanuts, a corn acreage slightly larger than that seeded last year, and the usual acreage of oats and barley are indicated from a review of farmers' planting intentions. The shift to substitute crops results from contractual limitations, proven usefulness of certain substitute crops

under drought conditions, extensive loss of new grass seedings, and, in the case of soybeans, to the fear of chinch bug damage to corn. The indicated 1935 acreage of corn for harvest of 95,692,000 acres would be slightly larger than the 1934 seeded area of 93,319,000 acres, but would be materially in excess of the 1934 harvested area of only 87,486,000 acres.

Comparing the combined intended 1935 acreage for harvest of corn, oats, and barley with the acreage planted in 1934, increases are general, except in Montana, North Dakota, South Dakota, Utah, Colorado, and a large part of the Southeast. The greatest increases (in acres) are in Iowa, Minnesota, Nebraska, and Illinois; the largest decrease in Alabama, North Dakota, and South Dakota. The largest increases in the soybean acreage are reported in Illinois, Iowa, Ohio, Indiana, and Missouri, but a small decrease is reported for the South. The prospective tame hay acreage for harvest in 1935 is 53,117,000 acres, or 1,622,000 acres more than were harvested in 1934. In many states of last year's drought area, weather conditions have not been favorable, and liberal rains are necessary to revive pastures, wild hay and alfalfa and to permit the seeding of feed grain crops. In view of the shortage of forage seeds and their relatively high prices, it would appear that a very large proportion of the prospective increase in hay acreage may consist of peanut, soybean, cowpea hays, and grain hays.

If fair to average supplies of feed grains are obtained in 1935-36, there will be a strong inducement to convert grain into meat and other animal products. Because of the shortage of, and the relatively high prices of, fat cattle, an active demand for stocker and feeder cattle will develop. Also, with fair range conditions, some cattle may be held back for further growth and for re-stocking purposes. The present hog-corn ratio is close to normal with higher-than-normal ratios in prospect. The resulting tendency will be to retain breeding stock and, where feed is available now, to retain fall pigs for finishing for the summer market, and early spring pigs for the early fall market. If the 1935 corn crop is about average, the present level of hog prices will encourage a material increase in breeding; in such case, the low point of the hog production cycle may be reached this spring.

Imports of foreign feed grains continued fairly large in February and in the first 3 weeks of March, but in-shipments were reduced sharply in the latter part of March and in the first week of April. Shipments may be expected to increase sharply as soon as new crop Argentine corn becomes available. Harvesting began in a small way in the main corn region in the third week of March. Trade reports imply that a liberal amount of the new corn has been contracted for shipment to the United States. Imports of corn during February were almost as large as in January, or 1,836,000 bushels. Oats imports aggregated 2,118,000 bushels in February. Arrivals of foreign corn at United States ports during March totaled 3,728,000 bushels, of oats 1,778,000 bushels, and of feed wheat 55,000 bushels. Only 157,440 bushels of corn and 1,874 bushels of oats were received at United States ports during the week ended April 4, but 1,135,000 bushels of feed wheat were received. Using official import data for the period July 1934 - February 1935 and arrivals at the larger Atlantic and Pacific ports for March, imports of corn have totaled 10,248,000 bushels, of which 4,977,000 bushels have been received from Argentina, 4,230,000 bushels from Mexico, and the remainder from other countries. Similarly calculated, imports of oats since July 1934 have amounted to 11,099,000 bushels, of which 9,708,000 bushels were from Argentina, 1,224,000 bushels from Canada, and the small remaining quantity from other countries.

RICE

Southern and California rice markets strengthened during February and March. The enactment of legislation providing for a rice processing tax effective April 1 was the principal influencing factor. A prospective increase in export sales, and a building-up of domestic jobbers' and wholesalers' stocks developed a speculative demand for remaining old-crop supplies. It is yet too early to forsee the effect of the new program, but if a moderate increase in exports materializes, the August 1 carry-over will be reduced to more nearly normal proportions. A firm price situation may be expected for the spring and early summer months.

The 1935 rice production adjustment programs for both the Southern States and California were announced by the Secretary of Agriculture, March 19. The programs, which will be financed by a processing tax of 1 cent per pound on rough rice, provide for benefit payments to cooperating producers. This plan takes the place of the crop-control provisions contained in the marketing agreements between the millers and the Secretary of Agriculture. The processing tax became effective April 1. The compensating tax on milled rice amounts to 1.44 cents per pound. The acreage allotment for the Southern States totals 642,000 acres, and for California 94,296 acres. Although the allotments represent an average reduction of 20 percent from the base period, the acreage allotments are approximately equal to the acreage harvested in either of the past 2 years. Farmers' intentions at the first of March indicated that a larger acreage may be seeded, but these may be modified by the program, weather conditions, and other influences. The increase of intentions over the 1934 harvested acreage reflects the producers' response to the higher rice prices of the past two seasons. These higher prices, however, have had an adverse effect on the distribution of the milled rice products.

Southern rough rice markets strengthened with extensive mill buying of remaining rough rice supplies. The average United States farm price of rough rice on March 15 was $2.88 compared with $2.89 per barrel on February 15. The trend in rough rice prices has been slightly upward since March 15. Receipts of southern rice at mills during March totaled 825,000 barrels compared with 496,000 barrels in the same period last year. Stocks of rough rice in farmers' hands on April 1, 1935 were negligible except for remnants from seed lots. The American Rice Growers' Cooperative Association placed the April 1 farm stocks at 24,000 barrels compared with 601,000 barrels on that date a year ago. Mill stocks of rough and milled rice, April 1 this year, aggregated the equivalent of 2,550,000 barrels against 2,439,000 barrels on April 1 last year. Southern milled rice moved fairly rapidly into trade channels during February and March. Speculative restocking by jobbers and wholesalers more than offset the influence which the mild winter had on domestic consumption. Shipments from mills into consuming channels totaled 91,000,000 pounds in March as against 74,600,000 in that month last year.

The movement of California rough rice from growers to mills was also heavy during March. Trading was active both in rice grown under the marketing plan and in over-quota rice. Sales under the marketing plan were made early in April at the maxima provided in the marketing agreement with No. 1 Paddy yielding 50 pounds of head rice per 100, quoted f.o.b. shipping points at $1.75 per 100, and over-quota rice sold at about $1.15 per 100 net to the grower. Over-quota rice was mostly out of growers hands on April 15.

The processing tax approach to production control suggests a heavier exportation of rice, particularly of southern rice. The purpose of the new program is to adjust production to the current level of consumption had to liquidate the surplus of rice stocks in the hands of growers and millers. The marketing agreement resulted in an increase of prices to growers of approximately 100 percent over the low prices of 1932, but a large surplus of rice accumulated. If the exportation of rice is increased between April 1 and August 1, the carry-over of old-crop rice will be reduced toward more nearly normal proportions.

World production of rice for the 1934-35 season is considerably under a year ago, largely as the result of the smaller harvests in Japan, China, and India. The world price situation has been strengthened by the smaller supplies which in turn are likely to assist in the movement of United States rice to foreign countries, particularly to Cuba, the South American countries, and Europe.

POTATOES

Potato prices at market centers declined slightly during the first 3 weeks of March but rose sharply during the first week of April. The recent advance more than offset the earlier declines in March and now prices in nearly all markets are averaging above those of a month ago. Much of this change in the market situation may be attributed directly to the scarcity of southern early potatoes, to the recent sharp price-advances of other vegetables such as onions and cabbage, and to the slight improvement in general demand conditions. Present prospects indicate that the supplies of new potatoes will be relatively short this season until the North Carolina crop begins to move to market in June. The March 1 intentions-report indicates that the 37 late and intermediate potato states probably will have about the same acreage for harvest in 1935 as in 1934 which, if average yields are obtained, would indicate a total United States crop of 357,000,000 bushels or only slightly more than an average crop.

Recent reports indicate that the first section of the southern early group of states (Florida and Texas lower Valley) will harvest only 2,862,000 bushels of potatoes this season or 27 percent less than in 1934. A slightly larger acreage was planted in these states this season, but because of freezes and lack of rainfall yields are turning out very low. In the second section of the early group (Alabama, Georgia, Louisiana, Mississippi, South Carolina, Texas other, and California) the planted acreage has been reduced, but April 1 condition indicates that yields may be slightly higher than in 1934. Excluding California, the production in these states probably will be about 14 percent smaller than last season. The planted acreage in the second-early states (North Carolina, Tennessee, Arkansas, and Oklahoma) is about 14 percent smaller than in 1934, but this decrease in acreage probably will be partly offset by higher yields in North Carolina, where the major portion of the acreage in this group is located. On this basis, the early states as a whole have prospects of a crop about 13 percent smaller than that produced last year.

Potato prices, old stock, at New York City averaged 96 cents per 100 pounds on an l.c.l. basis in the first week of April, compared with 83 cents the last week of March, 92 cents the first week of March, and $2.16 a year ago. On March 10 they averaged about $1.15 per 100 pounds, indicating that prices are still rising in the eastern markets. At Chicago, car-lot

prices averaged 80 cents per 100 pounds in the first week of April, compared with 67 cents in the third week of March, 73 cents the first week of March, and $1.69 in the first week of April 1934. Prices of new potatoes in New York rose steadily during March and the early part of April, or from $3.11 per 100 pounds l.c.l. to $4.33. At Chicago they advanced from $3.62 to $4.40 per 100 pounds by the first week of April.

The recent rise in central market prices was reflected in shipping-point prices, with the sharpest gains occurring at eastern and far-western points. Green Mountains at Presque Isle, Maine, advanced from 30 cents per 100 pounds f.o.b. on March 26 to 72 cents on April 9. A month ago they averaged about 34 cents. At Rochester and other western New York points, round whites advanced from 38 cents per 100 pounds f.o.b. on March 26 to 57 cents on April 3. Present prices are about 10 cents above those of a month ago. At Waupaca, Wisconsin, there was little change in the level of round-white prices during March, but there was a slight rise by the first week of April to 58 cents per 100 pounds. At Idaho Falls, Russet Burbanks advanced sharply from 70 cents sacked per 100 pounds, f.o.b cash track, in early March to $1.38 by the early part of April.

New potatoes at South Florida points advanced from $2.50 per 100 pounds the first part of March to $3.35 at the end of the month, when the season in that section closed. At Hastings, in northern Florida, Spaulding Rose potatoes were quoted at $3.62 per 100 pounds during the first week of April.

Shipments of old stock potatoes from the late states this season to April 6 totaled 134,000 cars, compared with 139,000 cars to April 7, 1934. Since January 1, however, the movement has totaled 65,000 cars, or about the same as during last season, indicating that the weekly rate of marketings has been about equal to that during the first quarter of 1934. On the other hand, shipments of new stock from the Southern States this season to April 6 amounted to only 1,434 cars compared with 2,356 cars by the same time last year. Recently the movement has averaged slightly more than 100 cars per week, which is only about one-fifth of the output of new potatoes during the same period last year.

United States farm price of potatoes averaged 43.6 cents per bushel on March 15, as against 45.2 cents on February 15, about 92 cents on March 15, 1934, and 67.5 cents the March average for 1910-1914.

TOBACCO

Prices at auction floor markets for the Kentucky - Tennessee fire-cured types of tobacco during March showed little change from the preceding month, according to unofficial reports. Auction floor markets for the 1934 crop of all other types of tobacco have closed for the season, with preliminary season average prices indicated by reports of the respective State Departments of Agriculture and of the Agricultural Adjustment Administration approximately as follows: Flue-cured, 27 cents; Burley, 17 cents, and Dark air-cured, 8 cents. In the case of Kentucky-Tennessee fire-cured types, it is reported that a substantial portion of the 1934 crop is being delivered to the cooperative associations, as the advances made to growers by the associations have been higher than the prices being paid on the markets.

The total output of manufactured tobacco products during February 1935 was approximately 1½ percent smaller than a year earlier according to reports of the Commissioner of Internal Revenue. Large cigars and cigarettes each showed increases during the month amounting to 6.7 percent and 1.5 percent respectively, whereas the quantities of snuff and manufactured tobacco showed decreases of 10.2 and 7.6 percent respectively.

Exports of all types of leaf tobacco during February totaled 23,612,000 pounds compared with 28,940,000 pounds in January 1935 and 27,570,000 pounds in February a year ago. The principal decline was in flue-cured tobacco, exports of which amounted to 12,986,000 pounds in February 1935. Flue-cured exports during the 8-month period from July to February 1934-35 totaled 207,303,000 pounds compared with 233,842,000 pounds a year earlier, and 203,125,000 pounds 2 years earlier. Exports of all fire-cured types in February totaled 7,833,000 pounds compared with 2,939,000 pounds in January 1935. Fire-cured exports during the 5-month period October-February totaled 32,258,000 pounds in 1934-35 compared with 28,491,000 pounds a year earlier, and 22,663,000 pounds 2 years earlier.

HOGS

The sharp rise in hog prices which took place during February and early March was followed by a relatively short seasonal decline which carried the Chicago weekly average down about 75 cents per 100 pounds in a period of 2 weeks. Prices have since strengthened somewhat, and in view of the very small slaughter supplies in prospect during the spring and summer seem likely to continue on a high level.

The weekly average of hog prices at Chicago rose to $9.47 per 100 pounds the week ended March 9 and then dropped to $8.72 during the third week of the month. The average then advanced to $8.91 the first week in April and exceeded $9.00 in the following week. The average for March at Chicago was $9.09 compared with $8.35 in February and $4.31 in March last year. Prices in March averaged higher than for any month since October 1930. Throughout the present winter hog prices at the Missouri River markets have been relatively high in relation to Chicago prices. Usually, prices at the river markets are slightly lower than those at Chicago; prices at Omaha, for example, in most recent years have been from 40 to 60 cents per 100 pounds lower than Chicago prices. Because of the sharp decrease in hog production in the Western Corn Belt, receipts of hogs at the river markets which depend almost entirely upon this area for hog supplies have been reduced more than the supplies at Chicago. Differences in the changes in volume of hogs marketed from the several hog producing areas largely account for the unusually narrow spread between prices at the river markets and at interior Iowa points and prices at Chicago in recent months.

Hog slaughter under Federal inspection in March, totaling 2,158,000 head, was about 10 percent smaller than in February, 29 percent smaller than in March last year, and the smallest for the month since 1910. Slaughter during the first quarter of 1935 was the second smallest since the present Federal meat inspection service started operations in late 1906, and it is expected that the total during the remainder of this year will be the second smallest in at least 30 years. Although average weights of hogs marketed have increased in the last 3 months, as they usually do during this season of the year, the general average still continues below

that of a year earlier. The weighted average for the seven leading markets in March of 224 pounds was 6 pounds heavier than that of February but was 9 pounds less than that of March last year. The greatest relative reduction in weights has occurred at such markets as Omaha and Sioux City which draw their supplies from the territory most adversely affected by the 1934 drought.

The hog-corn price ratio, based on Chicago prices, rose to 11.3 the week ended March 9 and then declined to 10.4 the week ended April 6.

Wholesale prices of fresh pork weakened during March as a result of some seasonal expansion in supplies and increasing consumer resistance to the higher price levels established earlier in the month. Prices of cured products, however, made a further moderate seasonal advance. The composite wholesale price of hog products at New York for March was $20.47 per 100 pounds compared with $19.51 in February and $13.20 for March last year.

Pork products in storage were reduced in about the usual seasonal proportion in March and lard stocks held practically unchanged. Holdings of pork on April 1, totaling 627,000,000 pounds, were about 6 percent less than those on March 1, 5 percent less than those of a year earlier and 14 percent less than the 5-year average for the month. Lard stocks, totaling 105,000,000 pounds, were about 5 percent smaller than those of March 1 and 40 percent smaller than the unusually large stocks of a year earlier but were about the same as the 5-year average for that date.

Because of the great reduction in the 1934 fall pig crop and the incentives to producers to hold hogs for the summer market and for increasing hog production in 1935-36, the seasonal increase in hog slaughter during the next few weeks is expected to be relatively small. Although hog prices may rise to considerably higher levels before the 1935-36 marketing season begins, the extent of the advance will depend in part on the resistance of consumers to further advances in prices of hog products and other meats.

CATTLE

Prices of cattle continued to advance during the first half of March, the advance being especially large on lower grade steers. The third week in March prices received the first considerable set-back they have had since the advance began late in December. But this recession proved to be only temporary and by the end of the first week in April prices of all kinds and grades of slaughter cattle had reached a new peak.

During the next 2 months prices of the lower grade beef steers are expected to make some further seasonal advance and the spread between choice and common steers to narrow further. Any further considerable advance in the better grades before the middle of the year is less likely.

The top price of beef steers at Chicago reached $14.65, the highest since December 1930. The average weekly prices of choice and good steers the last week in March were but little different from those of the last week in February but the prices of medium and common steers were considerably higher. The monthly average of all steers at Chicago was $10.77 in March, compared with $10.47 in February and $5.91 in March 1934 and was the highest for

all months since September 1930. The local market price of beef cattle was $6.55 March 15, compared with $5.95 February 15 and $3.79 March 15, 1934. The prices of stocker and feeder steers which had been following the advances in beef cattle since the beginning of the year also declined during the last half of March.

Prices of veal calves have not advanced as much since December as have the prices of beef cattle and have been relatively low compared with beef cattle for the season of the year. In most years the top and average prices of veal calves at Chicago during the first 3 months of the year are higher than the top and average prices of beef steers. This year they have been considerably lower, especially in February and March.

Supplies of cattle in March, while small compared with March 1934, were large compared with supplies in March for the 5 years 1929 to 1933. Receipts at seven leading markets were 17 percent smaller than in March 1934 and about 12 percent below the 5-year March average but were larger than in March 1933. Inspected slaughter of 690,000 head was 11 percent smaller than in March 1934 but 5 percent larger than the 5-year March average and larger than in March for all years from 1928 to 1933. Inspected slaughter of calves of 473,000 head was 12 percent smaller than the record March slaughter in 1934 but was 10 percent larger than the 5-year March average and the second largest for the month on record. Receipts of beef steers at Chicago, however, were 42 percent smaller than in March 1934 and the smallest for March in the 14 years of available record. The proportion of good and choice steers combined, however, was much above the usual March proportion and the actual number was only 8 percent smaller than the March average for the 5 years 1929-1933, but much below the large number in March 1934. The average weight of beef steers at Chicago in March this year was 1,005 pounds compared with 1,106 in March 1934 and with 1,054, the average for March 1929 to 1933, and was the lowest for the month in 14 years.

Supplies of fed cattle are expected to continue small for the next 5 or 6 months, at least. The number of cattle on feed April 1 this year was estimated at 36 percent smaller than on April 1, 1934, and was the smallest for the period in many years. Shipments of stocker and feeder cattle into the Corn Belt States during the first quarter of 1935 were 19 percent larger than in 1934. While the increase was due to the large shipments into the states east of the Mississippi River, the movement into the states west of that River most seriously affected by the drought last year was large considering the prevailing feed situation. A much smaller than usual proportion of these in-shipments apparently are intended for immediate feeding. The feed situation in the Great Plains area from Texas to Montana is very serious with prospects for spring pasture and range poor as a result of continued deficiency of moisture and supplies of roughages are about exhausted. Unless a material improvement occurs in the next 4 weeks many cattle may have to be moved into other areas. This might result in rather heavy receipts of thin cattle at markets during late April and May.

BUTTER

Butter prices increased sharply from the middle of March to early April and the margin between domestic and foreign prices increased. Imports of butter in February were large compared with imports in other recent years, and about 3 percent as large as production. Butter production is light, but consumer expenditures for butter show a marked increase over 1934. When cows

are turned on pasture after being fed short rations during the winter it is probable that there will be more than the usual seasonal increase in production.

The price of butter (92 score at New York) rose 8 cents from March 20 to April 8, and brought prices back to the level of early February. From March 21 to April 4 the price of New Zealand butter in London rose only 1.4 cents and the margin between New York and London prices increased from 14.6 cents to 19.2 cents. This wide margin will encourage further imports.

In March the price of 92 score butter at New York averaged 31.7 cents per pound; this was 4.5 cents less than in February and 6.3 cents more than in March 1934. Even though the price in March was less than in February, it was higher than in December when the seasonal peak of prices usually occurs.

The farm price of butterfat in mid-March of 31.2 cents per pound was 4.7 cents less than a month earlier, but 7.7 cents higher than in March 1934. The farm price of butterfat in March was equivalent to the price of about 20 pounds of feed grains at farm prices, the lowest for the month since 1918. Grain feeding will probably continue light until feed prices are lower in relation to butterfat.

Imports of butter in February of 3,056,000 pounds were 3 percent as large as production in the month. Imports in February were about half as large as the average annual imports during the period 1925 to 1929. Total imports for the first quarter of 1935 have been estimated at 8,000,000 pounds.

Estimated production of creamery butter in February was 9.7 percent less than a year earlier and the lowest for the month since 1927. In the West North Central States February production was 14 percent less than a year earlier, but in the East North Central States the decrease was only 1.5 percent. The West North Central States were more seriously affected by the drought than the Eastern Corn Belt. In the more important fluid milk sections, butter production has also been decidedly less than a year earlier, indicating a smaller amount of surplus milk. In the North Atlantic States February production was 25 percent less than a year earlier, and in the Pacific Coast States 10 percent less. Weekly reports during March indicate that production has continued decidedly less than in 1934.

Milk production per cow on April 1 as reported by crop correspondents was slightly higher than the low production a year earlier, but with the number of cows on farms down 4 to 5 percent, total milk production on April 1 was about 4 percent less than on April 1, 1934. Milk production per cow is about 10 percent below the 1925 to 1929 average.

The shortage of feed and high prices of feed in relation to dairy products has resulted in low production. If pastures are average or better, it seems probable that there will be more than the usual seasonal increase in production from the late winter feeding period to the season of flush production.

Storage stocks of butter on April 1 of 5,300,000 pounds were at about the seasonal low point of the year and were 10,000,000 pounds less than on April 1, 1934.

Trade output of creamery butter in February of 110,900,000 pounds was 24 percent less than a year earlier and the lowest for the month since 1927. Distribution of government butter for relief in February 1934 was approximately 18,000,000 pounds and in February 1935 only a few thousand pounds. Thus the decline in trade output through regular commercial channels was only about 14 percent less than in February 1934. The retail price of butter was 37 percent higher. These changes indicate an increase of 18 percent in consumer expenditures for butter.

CHEESE

Cheese prices declined seasonally from February to March. Production is decidedly less than in 1934 but stocks and imports are larger. Trade output in February was lower than in the same month of the preceding year but consumer expenditures were about the same. With the probability of considerably better pastures than in 1934, the outlook is for a relatively sharp increase in production when grass is available.

The price of cheese (twins) on the Wisconsin Cheese Exchange declined from 15.8 cents per pound in early March to 14.0 cents in late March, but rose to 14.6 cents in early April in response to the higher prices for butter. The price in March averaged 14.8 cents; this was 0.9 cents less than in February but 1.6 cents more than a year earlier. The decline from February to March was about the same as the usual seasonal decline at that season of the year.

Estimated production of cheese in February of 27,700,000 pounds was 11.0 percent less than a year earlier and the lowest for the month since 1929. For the first 2 months of 1935 the percentage decline in cheese and butter production has been about the same, and reflects the decrease in milk production due to the short supplies of feed and low prices of dairy products compared with feed. Production of American cheese in February was 15 percent less than a year earlier. New York production was down over 60 percent and Wisconsin 12 percent. Each group of states showed sharp declines in production compared with a year ago.

Storage stocks of American cheese continue heavy. Stocks on April 1 of 54,700,000 pounds were the highest on record for that date and 21 percent above the 5-year average.

Imports of cheese in February of 4,100,000 pounds were 5 percent larger than in February 1934. Imports of cheese have shown some increase over earlier years, but have not increased as much as butter imports.

Trade output of cheese including that distributed by the Government in February, of 42,8[illegible]0,000 pounds was 6.8 percent less than in February 1934. Government distribution of cheese for relief was much heavier this February than a year earlier, so that trade output through regular commercial channels was 12 percent less than in February 1934. Retail prices of cheese were 11 percent higher so estimated consumer expenditures for cheese exclusive of government distribution were 2 percent less than a year ago.

LAMBS

Prices of slaughter lambs declined further during March and at the close of the month were at the lowest level since the latter part of December at which time a sharp advance took place. In view of the supply situation

for the next 2 months any considerable price improvement in fed lambs hardly seems likely. After the end of May, however, some improvement in the spring lamb price is probable. The top price of slaughter lambs declined to $8.35 at Chicago, which was about $1.30 lower than the high point in January and about $1.80 below the top price in March 1934. The average price of good and choice lambs at Chicago in March was $8.17, compared with $8.54 in February and $9.04 in March 1934. The farm price was $6.67 in March 1935, $6.65 in February 1935 and $6.79 in March 1934. The price of slaughter ewes did not change much in March, but feeder lambs declined about 50 cents in Chicago and $1.00 at Omaha. The first consignment of California spring lambs sold at Chicago this year brought $8.85 compared with $10.75 for the initial sale last year. The average weight this year was 97 pounds compared with 80 pounds last year.

Supplies of lambs in March were large for the month when compared both with the preceding 3 months of the current fed lamb marketing season and with March in other years. In most years supplies in March are smaller than in January but this year receipts at seven leading markets were 21 percent larger than in January and inspected slaughter was 2 percent larger. Inspected slaughter was 1,374,000 head, compared with 1,242,000 in March 1934 and was the third largest for the month on record.

In other years when the supply of lambs in March has been larger than in January lamb prices have declined as they have this year. As in most of these other similar years lamb feeding this season is proving quite generally to be a losing venture. With the sharp advance in lamb prices in December and early January the situation seemed to promise some profits to feeders despite the high costs of feeds compared with other recent years. But the price declines in February and March have brought losses rather than profits to most feeders. Usually heavy marketings of fed lambs in March and April result from large numbers on feed in Colorado and other similar western feeding areas or a delayed movement from these areas. This year the heavy March slaughter supplies were apparently caused by the delayed movement from Corn Belt feed lots and from wheat fields in Kansas and Oklahoma. Records of shipments from the Colorado-Scottsbluff areas indicate that the proportion of the number on feed January 1 shipped to the end of March was larger this year than in 1934 or 1935.

Supplies of lambs in April and May are expected to continue fairly large. The number still in feed lots in Colorado and the Scottsbluff area about March 23 was estimated at 665,000 head, a decrease of 40,000 from a year earlier. At the end of March, however, there were still relatively large numbers of lambs in commercial feed lots, moved from wheat pastures, as well as in farm feed lots in some Corn Belt States. The eastern shipments of California early spring lambs in April and May are expected to be considerably larger than last year, with all lambs in slaughter condition and average weights much above last year and probably the highest on record. Marketings of early spring lambs from Tennessee and Kentucky may also be larger in May this year than last. The marketings of grass fat wethers and yearlings from Texas to the end of May are expected to be much smaller than last year or any other recent year.

WOOL

The domestic wool clip for 1935 is expected to be reduced somewhat as a result of a 5 percent reduction in sheep numbers and the poor condition

of sheep and ranges during the current wool growing period. Present prospects indicate that the clip will be smaller than for any of the past 4 years and may not differ greatly from that of 1929 when production of shorn wool amounted to 328,000,000 pounds. Shorn wool production in the United States reached the record of 372,000,000 pounds in 1931 and was estimated at 358,000,000 pounds in 1934. Shearing of the new clip is now under way in the Western States and large offerings of this wool will soon be available. Recent improvement in demand conditions in both domestic and foreign markets indicate some strengthening in the wool price situation, although no marked rise in domestic wool prices is expected in the next few months.

As a result of the great improvement in domestic mill consumption thus far in 1935 and the marked increase in sales of wool on the Boston market since the latter part of February, prospects for the marketing of the new clip are now much more favorable than had been expected earlier. However, dealers are said to be carrying a larger proportion of the remaining supplies of old clip wool than is usual at this season of the year. Stocks of wool still to be marketed from Southern Hemisphere countries are large and the decline in exchange value of the pound sterling has tended to offset recent advances in foreign wool prices when such prices are converted to United States currency.

The Farm Credit Administration will continue with a wool and mohair marketing and financing plan for the 1935 clip somewhat similar to the plan followed for the 1933 and 1934 clips. It is reported that the plan of marketing for the present year does away with the fixing or approval of a schedule of basic prices below which wool dealers who were signers of the plan could not sell. Sales and prices must be reported regularly as had been the practice previously.

Prices of territory wools on the Boston market have been firm since the middle of February but small declines were reported on a few grades of Ohio and similar fleece wools during March. For the week ended April 6, fine (64s, 70s, 80s) strictly combing territory wools averaged 66.0 cents a pound scoured basis compared with 87 cents in the first week of April 1934. Territory 3/8 blood (56s) averaged 56 cents a pound scoured basis the first week in April compared with 81.5 cents in 1934. Strictly combing Ohio and similar fleece wools averaged 66.5 cents a pound scoured basis for 64s, 70s, 80s, and 51 cents for 56s in the week ended April 6. The United States average farm price of wool on March 15 was 17.4 cents a pound compared with 18.1 cents on February 15 and the high for 1934 of 26.9 cents on March 15.

Mill activity in the United States wool industry has been maintained at a fairly high level since November. The Bureau of the Census reports that the weekly average consumption of apparel class wool in the 4 weeks ended February 23 was 9,841,000 pounds of shorn wool, grease shorn basis and 2,018,000 pounds of pulled wool, grease pulled basis. While the rate of consumption in February showed a decline compared with the exceptionally high consumption in January it remained above that of November and December 1934. Total consumption of apparel class wool reported from July 1934 to February 1935, inclusive was 214,202,000 pounds of shorn wool, grease shorn basis and 43,450,000 pounds of pulled wool, grease pulled basis. Consumption was at a very low level during the first 3 months of this period.

The long period of low manufacturing activity in the domestic wool industry in 1934 was not accompanied by a corresponding decline in consumer

purchases of wool textiles and stocks of semi-manufactures and finished products were reported to be very low in the fall of 1934. The present low prices of wool should reduce the use of wool substitutes and recovered wool and increase the consumption of raw wool. The large government contracts recently awarded will also provide an outlet for a considerable quantity of raw wool. Private trade reports indicate that the present high rate of manufacturing activity may continue for at least 3 months and total mill consumption for 1935 will probably show a considerable increase over that of 1934.

Imports of wool remain small, and in view of the ample supplies of domestic wool available no material increase in imports of apparel class wool is to be expected in 1935. Imports for consumption in the first 2 months of the year were 3,776,000 pounds compared with 6,339,000 pounds in the first 2 months of 1934.

The current wool marketing season in foreign countries has been characterized by a slow movement of wool from producing centers. Consequently apparent supplies in Southern Hemisphere countries are relatively large. On March 1 apparent supplies 1/ of wool in the five most important wool producing countries of the Southern Hemisphere were estimated to be approximately 50 percent larger than on the same date a year ago when they were unusually small. The increase in supplies compared with the average supplies for the same date of the 5 preceding years was 24 percent.

Stocks of wool in the United Kingdom and in European consuming centers on the other hand, are believed to be relatively low. The Imperial Economic Committee of the United Kingdom reports that at the end of February stocks of raw wool in railway and canal depots in Yorkshire which are held to reflect the stocks in the hands of manufacturers, were 50 percent less than a year previous and were lower than at any time since stocks were first reported in 1933. Heavy sales to Germany by Bradford scourers and topmakers are said to have depleted stocks at Bradford and recent reports state that considerable purchases have also been made by German buyers in France.

The excellent demand from English buyers at the March series of London wool sales and the more active competition by France and Japan at recent sales in Australia seem to confirm reports of small stocks of wool in foreign consuming countries. Wool prices in foreign markets have been very firm since the middle of March and increases have been reported in prices in terms of the pound sterling as a result of the increased demand at all selling centers. Because of the decline in the exchange value of the English pound the advances are not fully reflected in prices in United States currency. Prices for merino wools (in United States currency) at the close of the London sales on March 26 were equal to or slightly higher than prices at the opening of the sales on March 12 but prices of crossbred wools showed a decline.

1/ Carry-over plus production minus exports for season up to February 28. Wool sold but not yet shipped, and relatively small quantities entering domestic consumption in the different countries not taken into account.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/		Commodity prices: Foreign 5/: In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100				1910-1914 = 100	1926 = 100			
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
Jan.	78	54	73	77	105	72	69	1.25	103
Feb.	81	61	78	83	107	74	69	1.25	107
Mar.	84	65	81	84	108	74	69	1.13	102
Apr.	85	67	82	82	107	73	69	1.12	104
May	86	67	82	82	108	74	68	1.07	95
June	83	65	81	86	109	75	68	.88	97
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	91	64	79	107	115	79	69	.88	103
Feb.	89	69	81	111				.88	103
Mar.				108					100

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - 0 - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release May 15, 1935

THE PRICE SITUATION, MAY 1935

FARM PRICES

The general level of farm prices appears to be a little lower than in mid-April. Prices of cotton, fruits, poultry products, and choice steers have risen during the last month whereas prices of grains, dairy products, truck crops, and the lower grades of cattle have declined. Some of these changes, such as the rise in fruit and poultry prices and the decline in prices of dairy products, are largely of a seasonal nature.

The index of farm prices in April at 111 percent of the pre-war average was back to the February level after a temporary drop of 3 points in March. In April 1934 the index was 82. Prices paid by farmers in April are estimated at 128 percent of the 1910-1914 average compared with 120 a year earlier. The index of prices paid by farmers for commodities increased 1 point from December 1934 to 127 percent of the 1910-1914 average for March 1935. Most of this increase was accounted for by the 8-point rise in food prices. Clothing prices declined a little whereas other commodities bought for family maintenance were practically unchanged. The index of commodities bought for family maintenance consequently increased from 122 in December to 124 in March. The index of commodities bought for use in production was unchanged at 131. Seed prices rose sharply but they have relatively small weight in the index. Prices of farm machinery and fertilizer also increased a little whereas prices of feed and other commodities used in production declined a little. The ratio of prices received to prices paid by farmers was 87 in April compared with 85 in March and 68 in April 1934.

Cash income from the sale of farm products in March is estimated at $416,000,000 compared with $381,000,000 in February and $406,000,000 in March 1934. The increase in income from February to March this year was greater than usual. Rental and benefit payments in March amounted to $49,000,000, the same as in February, and were $40,000,000 higher than in March last year. Total farm income including rental and benefit payments in March was $465,000,000 compared with $415,000,000 in March 1934. During the first 3 months of 1935 farmers' cash income totaled $1,397,000,000 compared with $1,312,000,000 a year earlier.

Farm wage rates advanced more from January 1 to April 1 this year than usual owing to an improvement in farm income and general employment conditions which were reflected in an increased demand for and a reduced supply of farm laborers. The general level of farm wage rates on April 1 was 94 percent of the pre-war average compared with 86 on January 1 and 88 on April 1, 1934.

WHOLESALE PRICES

The general level of wholesale prices in late April and early May at about 117 percent of the 1910-1914 average was the highest since November 1930. The advance of nearly 1 percent over the March average was chiefly due to higher prices for farm products and foods. Prices of

hides and leather, as well as of fuel and lighting, increased slightly in recent weeks, but textile prices have continued their downward trend.

Prices of farm products and foods were higher with each successive week during April, receiving a slight set-back, however, during the first week in May. These two groups show price increases over April 1934, of 36 percent and 28 percent, respectively, whereas prices of all commodities other than farm products and foods combined, declined about 2 percent during the same period.

A combined index of wholesale prices in the moneys of eight foreign countries which take about 75 percent of our agricultural exports has shown but slight change in the last 3 years. The average for March 1935 was 69 percent of the 1926 average, the same as a year earlier. Price increases in Germany, China and Japan and more recently in Italy and Canada have been offset by the persistent decline of wholesale prices in France and the Netherlands.

The most significant recent changes in foreign wholesale prices are the rise in prices in Italy and England in March and April.

BUSINESS CONDITIONS

A further decline occurred in industrial activity during April after seasonal adjustment, and adjusted indexes of retail trade, particularly in the urban areas, were lower in April than in March. In rural areas retail sales were somewhat higher in April than in March even after allowance for the Easter trade. The level of employment and payrolls which has been upward in recent months was fairly well maintained in April but preliminary reports indicate a moderate decline from the March level. In most foreign countries there has been a moderate seasonal improvement in business activity and the outlook is slightly more favorable than a month ago.

Industrial activity for several of the important lines of output was lower in April than in March whereas the usual seasonal tendency is for little change. Steel ingot output was about 8 percent lower than in March and bituminous coal production declined sharply from the high levels of production maintained during March. Cotton textile activity was further reduced and most other lines of textile production were curtailed except in the wool industry where production has continued at fairly high levels. Automobile production was larger in April than in March by about the usual seasonal amount. The marked decline in automobile output in the second week of May indicates that production has passed the peak for the spring months. Recent operations have been upset to some extent by labor difficulties, but are expected to continue at a fairly high level throughout the next 2 or 3 months. Electric power production after adjustment for seasonal declined during April in line with the general slackening in industrial output.

The level of retail sales in April was disappointing in comparison with the high level which prevailed in March. The Federal Reserve Board's seasonally adjusted index of department store sales declined to 74 percent of the 1923-1925 average in April compared with 82 in March. Automobile sales during April made somewhat less than the usual seasonal increase and the seasonally adjusted index of variety store sales was lower than in March.

Retail sales in rural areas, however, continued to increase and in April were the highest for that month since 1930. Mail order house sales in April were the highest on record for that month.

Building contracts awarded during the first 3 weeks of April made slightly less than the usual seasonal increase as the large reduction in awards for utilities and public works more than offset the continued rise in residential building contracts awarded. Residential building contracts awarded have shown marked improvement since February and are now much higher than a year ago but are still insignificant when compared with the level of contract awards during the years prior to 1929.

Industrial activity in foreign countries has been uneven but on the whole, the outlook is slightly more favorable than a month ago. In Great Britain there has been a moderate seasonal improvement with the high level of building activity offsetting the lower level of activity in the consumers' goods industries and employment showed substantial improvement from February to March. Building in Great Britain has been stimulated by low interest rates and building in 1935 promises to exceed all previous records. A recent further reduction in the interest rate is expected to provide additional stimulus to residential construction. Industrial activity in all other countries in the sterling group has been well maintained and the recent devaluation has improved the business outlook in Belgium. There has also been some improvement in Germany and Italy, but trade in France, Holland and Switzerland remains at low levels. In Japan, activity remains well above a year ago but prospects appear less favorable for further expansion and some contraction may occur from the record levels of activity in the last few months.

WHEAT

Present indications point to a total United States wheat production which will be ample to meet normal domestic requirements during the coming season. Although the winter wheat crop is forecast at only about 432,000,000 bushels, prospects for the spring wheat crop are relatively good. Moreover the carry-over of wheat in the United States on July 1, 1935 is indicated to be at least 160,000,000 bushels or about 35,000,000 bushels above normal.

Wheat prices advanced during the second week in April due to strengthening of world prices, as indicated by Liverpool futures, and to poor crop prospects in the United States, as reflected in the Government crop report issued April 10. Closing July futures at Chicago advanced from about 92 cents on April 6 to $1.02 on April 16. Similarly the United States farm price of wheat rose from 86 cents in mid-March to 90 cents in mid-April. However, beginning about April 22, prices gradually declined. Closing July futures at Chicago dropped to about 92 cents on May 13. No. 2 Hard Winter at Kansas City dropped from an average of $1.07 for the week ended April 20 to $1.03 for the week ended May 11, and No. 2 Red Winter at St. Louis declined from an average of $1.00 for the week ended April 20 to $.95 for the week ended May 11. This downward trend was largely influenced by reports of improvement in wheat prospects, especially in the Spring Wheat Belt, where moisture is now generally sufficient for crop needs.

Conditions of winter wheat as of May 1 are interpreted to indicate a production of 431,637,000 bushels, compared with 435,499,000 bushels indicated a month earlier. The May forecast is 7 percent above last year's production but 23 percent below the average production during the preceding 10 years. It was estimated in the report that 31.2 percent of the acreage planted to winter wheat has been or will be abandoned, leaving 30,497,000 acres for harvest. As compared with the April forecast, reductions in prospective production were largely accounted for by further deterioration in Kansas, Oklahoma, Missouri, and Indiana. The reduction in these States was partly offset by improvement in the Northern Great Plains and Pacific Coast States.

With a winter wheat crop forecast at only about 432,000,000 bushels, special interest is centered upon the probable outturn of spring wheat this year. While it is too early to estimate what the spring wheat crop is likely to be, it seems reasonable to assume from present conditions that it will be sufficiently large to result in the total wheat crop being fully ample to meet our normal wheat requirements.

The actual outturn of the wheat cut will depend largely upon weather conditions during the rest of May and through July. Studies made by the Bureau of the effect of weather upon yield in the spring wheat area indicate that variations in June temperatures are most important in affecting yields, whereas April and May precipitation and July temperatures, respectively, are next in importance. Precipitation in the Spring Wheat Belt during April averaged about one-third greater than normal, with Montana slightly better than normal and South Dakota about two-thirds greater than normal. Precipitation in early May was also plentiful in North Dakota, South Dakota, and Minnesota, but was below average in Montana, where additional moisture is still needed, especially in the eastern part. Crop prospects were also materially improved in the Pacific Coast States.

Total wheat stocks in the United States on April 1, 1935 are estimated at 294,000,000 bushels compared with 402,024,000 a year ago and 526,143,000 in 1933. Allowing for most likely utilization and imports during the remainder of the year, a carry-over of at least 160,000,000 bushels is indicated for July 1, 1935. There is considerable uncertainty, however, as to the amount of wheat which may be fed during the current quarter and as to the extent to which we may continue to import wheat, both of which factors are important in estimating year-end stocks.

The wheat acreage for the 1935 harvest in the 25 countries for which reports are available is 2 percent less than the acreage for the 1934 harvest when the same countries represented 85 percent of the Northern Hemisphere wheat acreage, exclusive of Russia and China. In Canada, a reduction of about 3 percent is indicated in the 1935 wheat acreage. In that country the season is very late, except in Ontario, but with 2 weeks of warm, clear, weather prospects would be very good. In Europe, estimates of acreage, excluding Russia, are about 2 percent greater than last year. Crop reports from central Europe and the Danubian countries are generally favorable but unseasonably cool weather has retarded normal development in both the Danube and western European countries. The Russian winter wheat acreage is estimated to be 6.5 percent greater than last year. The wheat acreage in North Africa is approximately the same as last year but hot, dry, weather has reduced the

prospects of good harvest, especially in Morocco, where conditions are reported to be very poor and indicate a crop about half that produced last year.

CORN AND OTHER FEEDS

Corn prices advanced in April and early May, regaining slightly more than one-half of the December-March decline, but oats and barley prices continued on a downward trend. The higher corn prices in April were an important factor in increasing market receipts which for the first time this season exceeded shipments from the markets. Imports of corn decreased in April, particularly toward the close of that month and in the first week of May, but imports of oats continued relatively large. The lateness of spring increased feed requirements and the intensity of the feed and forage shortage. Corn prices may continue relatively firmer than other feed grains during the spring and early summer months as oats and barley prices shift toward a new-crop basis but the general trend of feed grain prices will likely be downward.

Corn prices during April were relatively stronger than those of other feed grains. The United States farm price of corn, April 15, was 85.2 cents, of oats 53.5 cents, and of barley 74.4 cents per bushel compared with 82.7 cents, 54.1 cents, and 76.0 cents, respectively, on March 15. Market prices of corn advanced steadily to the third week of April when the average of all classes and grades at five markets reached 92.5 cents per bushel. This advance represented a recovery of slightly more than one-half of the December-March decline of about 20 cents per bushel. Some recession occurred toward the close of April but prices were maintained at the lower level in the early part of May. During the week ended May 4 the average was 90.5 cents and on May 8 was 91.0 cents per bushel. No. 3 Yellow corn at Chicago was 88.8 cents during the week ended May 11 and 85.7 cents during the week ended April 6. No. 2 Barley at Minneapolis declined from 104.6 cents the average for the week ended April 6, to 91.8 cents per bushel for the week ended May 11. Similarly in the same period No. 3 White oats at Chicago declined from 49.3 cents to 45.7 cents per bushel. The hog-corn ratio, based on Chicago prices as of May 4, was 9.9. The average for April was 10.0 compared with the 10-year April average of 12.2

Market stocks of feed grains were reduced at an unusually rapid rate during March and early April, but disappearance slackened considerably toward the close of April. Commercial stocks of corn, oats, and barley at the principal markets were reduced at a weekly rate of between 80,000 to 95,000 tons from the middle of March to the middle of April, but the decrease during the week ended May 4 was only 37,000 tons and during the week ended May 11 was only 61,000 tons. The change in the rate of depletion of the market stocks may be accounted for in part by the relatively heavy market receipts of corn. Receipts of corn during April at 13 important markets were 10,249,000 bushels, while shipments from these markets totaled only 8,165,000 bushels. The 5-year (1930-1934) April average of receipts is 14,848,000 and of shipments 11,949,000 bushels. The April 1935 receipts were the heaviest during any month this season, and exceeded the shipments the first month this season. Wet-process corn grindings (for domestic consumption) during April totaled 5,513,000 bushels against 4,574,000 bushels in March. Total grind so far this season is about 18 percent under that of a year ago.

Market receipts of oats in April were 2,229,000 bushels or about the same as in March; shipments during April totaled 3,385,000 bushels against 4,220,000 bushels in March.

United States imports of corn in March totaled 3,305,000 bushels, bringing the cumulative total since July 1934 to 9,824,000 bushels. In the same period of the previous season imports amounted to only 142,000 bushels. Arrivals of foreign corn at Atlantic and Pacific Coast ports during April were much under the March volume, particularly in the last 2 weeks of the month. Total arrivals of corn at Atlantic and Pacific Coast ports from March 28 to May 2 totaled 299,000 bushels.

Imports of oats in March were 2,596,000 bushels which brought the total since July 1934 to 11,918,000 bushels compared with 131,000 bushels in the same period last season. Arrivals of oats at United States ports during the period, March 28 to May 2, totaled 2,784,000 bushels. Imports of feed wheat were unusually heavy early in April, with total arrivals during the month being 1,150,000 bushels.

The condition of the California barley crop, which will be available for harvest late in May, has been reported as being good to excellent in practically all important producing sections. The crop is materially larger than last year's relatively small harvest. The trade indicates the crop may be 50 percent larger than the 22,682,000 bushels produced in 1934. If realized, this size crop, together with the carry-over, which is reported as being small, is above average requirements. The condition of oats in the South Atlantic and South Central States, May 1, was 68.6 compared with the 9-year average of 72.3. Conditions were above average in all states except Texas, Oklahoma, and Florida.

Lateness of spring increased the intensity of the feed and forage shortage. Temperatures were generally below normal in April over the main agricultural areas; precipitation was also below average, except in Minnesota, North Dakota, South Dakota, Nebraska, and the Southeastern States. So far in May (to May 10), temperatures continued under normal, but rains have been generally in excess of normal. The condition of farm pastures, May 1, was, with the exception of last year, the lowest for any May in 50 years. Range conditions were also poor. While the condition of hay is better than a year ago, some loss of hay meadows and new seedings, widespread thinning of stands, a late start in growth and limited seed supplies for some of the common emergency hay crops suggests at this time another small supply of hay for the 1935-36 season. Stocks of old hay on farms, May 1, were estimated at 4,512,000 tons, or less than one-half of the 5-year average of 9,666,000 tons. Most of the old-crop hay supplies in the Northern Plains States are less than one-fourth of the usual May 1 stocks.

POTATOES

Potato prices declined sharply in central markets during the latter part of April and the first week of May, and lost most of the rise that occurred during the first part of April. The recent decline was due largely to heavy marketings of both old and new stock. New crop shipments are moving in considerable volume from Florida, Louisiana and Alabama, and the South Carolina crop is just beginning to move.

The commercial production of new potatoes in the first section of early States (Florida and the lower valley of Texas) was estimated at 2,565,000 bushels on May 1, or about 34 percent less than was produced in this group in 1934. The second section of early States (Alabama, California, Georgia, Louisiana, Mississippi, South Carolina and Texas other) is expected to produce 9,524,000 bushels of early potatoes this year, or 11 percent less than in 1934. Condition and acreage reports received to date for the second early and intermediate States indicate that the 1935 crop in those areas may be 12 percent and 5 percent respectively less than the 1934 crop. However, with the exception of the first section of the early and the first section of the intermediate States, all areas have prospects of greater than average potato crops this spring.

Prices of old stock potatoes at New York City declined from an average of $1.16 per 100 pounds, l.c.l. the third week of April to 89 cents the second week of May. A year ago they averaged $1.64. At Chicago, the recent decline was from 88 cents per 100 pounds, on a car-lot basis, to 74 cents, while a year ago at this market they averaged $1.18. Heavy receipts of both old and new stock during recent weeks and an increase in the track holdings at market centers are some of the factors that brought about the decline. New potato prices have also declined during this period as the shipments from Alabama and Louisiana attained volume. New York prices of new stock declined from $5.19 per 100 pounds l.c.l. the second week of April to $2.11 the second week of May. At Chicago they declined from $5.81 to $2.40 per 100 pounds during the 4-week period ended May 11.

Shipping point prices have followed much the same trend as market prices, the f.o.b. price of Green Mountains at Presque Isle, Maine, declining from 73 cents per 100 pounds the third week of April to 40 cents the first week of May. At Rochester, N.Y., Round Whites declined from 65 cents to 45 cents per 100 pounds during the same period, while at Waupaca, Wisconsin, the decline was from 75 to 45 cents. Russet Rurals at Michigan shipping points declined from 85 to 48 cents per 100 pounds f.o.b. Cadillac rate. All of these declines may be termed a more or less correction movement from the temporary high levels established in April. Practically all prices of old stock potatoes are back to the early March levels.

New potato prices at Hastings, Florida, held fairly steady at $4.15 per 100 pounds during most of April but broke sharply during the last week of the month and the first week of May, when they were quoted at $1.45 f.o.b. usual terms. In Louisiana and Alabama the season opened about the last of April at $2.00 to $2.50 per 100 pounds, but prices have declined to $1.35 to $1.50 by the second week of May.

The United States farm price of potatoes averaged 49.1 cents per bushel, on April 15, compared with 43.6 cents on March 15; 83.4 cents on April 15, 1934, and 68.8 cents the April average for 1910-1914.

The weekly shipments of old stock increased sharply under the stimulus of higher prices during April, reaching nearly 5,000 cars the second week of the month. As a result of the sharp price declines, however, the movement totaled only 2,000 cars in the first week of May. Total season shipments of old stock, up to May 4, aggregated 147,335 cars, compared with 153,893 cars to May 5 last year. Shipments of new stock have been smaller this season to date than last year, but the weekly rate is now increasing. For the week ended May 4 about 1,700 cars of new potatoes were shipped, compared with 817 the week before and 1,204 cars in the corresponding week a year ago.

HOGS

Hog prices have been unusually steady since the latter part of March following the moderate seasonal decline during the middle of that month. The seasonal increase in slaughter supplies resulting from the marketing of the 1934 fall pig crop, thus far has been extremely small. In view of the strong demand for breeding stock to expand production and the very small supplies of hogs on farms, slaughter supplies during the remainder of this year are expected to be the smallest since 1910.

Although hog slaughter this summer will be the smallest in at least 25 years, seasonal advances in hog prices will tend to be restricted by the relatively low level of consumer buying power.

The weekly average price of hogs at Chicago has fluctuated between $8.72 and $9.04 per 100 pounds since the middle of March. The average for April was $8.94 compared with $9.09 in March and $3.85 in April last year. The steadiness of the market during the last 6 weeks has been in marked contrast to conditions prevailing in the spring months in previous years.

Hog slaughter under Federal inspection in April, totaling 2,177,436 head, was slightly larger than in March but was 36 percent less than in April last year, 39 percent smaller than the 5-year April average, and the second smallest for the month since the present meat inspection service began operations in 1906. The trend in weekly slaughter was downward during most of April whereas normally it is upward during that month. Some expansion occurred, however, during the first part of May. Average weights of hogs marketed have been increasing steadily since the beginning of the year and are now about equal to those of a year earlier. Weights at Omaha and Sioux City, however, are much below those of last year and below the usual average at those markets.

The hog-corn price ratio, based on Chicago prices, has fluctuated in recent weeks in a relatively narrow range. The ratio for April was 10.0, compared with 10.3 in March, 8.1 in April last year, and 12.2 the 10-year average for the month.

Wholesale prices of fresh pork have fluctuated somewhat during the last 6 weeks in response to changes in current marketings of hogs. Prices dropped sharply in late March, regained practically all this decline during the first part of April and declined again in the second half of the month. Prices of most cured products have changed relatively little since the middle of March following their sharp rise earlier in the year. The composite wholesale price of hog products at New York for April was $20.62 per 100 pounds compared with $20.47 in March and $13.28 in April last year. The index of retail prices of hog products in that city on April 30 was 86.0 compared with 85.4 on April 15 and 55.2 on April 30 last year.

Hog products in storage were reduced somewhat during April. On the average very little change in the volume of pork stocks occurs during the month and lard stocks are increased. Holdings of pork on May 1, totaling 566,000,000 pounds, were about 10 percent less than those on April 1, 14 percent less than those of a year earlier, and 23 percent less than the 5-year average for the month. Lard stocks, totaling 101,000,000 pounds, were

about 4 percent larger than those of April 1, but were 44 percent smaller than the unusually large stocks of a year earlier, and 10 percent smaller than the 5-year May 1 average.

CATTLE

Slaughter of cattle and calves thus far in 1935 has been reduced only moderately compared with last year. Inspected commercial slaughter of cattle during the first 4 months of the year was about 8 percent smaller than in that period last year and inspected calf slaughter was only 6 percent smaller. The decrease in cattle marketings since last fall combined with the marked reduction in slaughter supplies of hogs and the improvement in consumer demand for meats has resulted in a sharp advance in cattle prices. The general level of cattle prices as measured by the average price paid by packers for all cattle slaughtered under Federal inspection has risen from about \$4.00 in November to about \$7.50 in April. This advance was one of the most pronounced for any period of similar length on record. In view of the much smaller number of beef cattle, especially steers, on farms on January 1, 1935 as compared with a year earlier a substantial decrease in cattle slaughter during the remainder of the year is likely. This decrease might be quite large if the production of feed grains and forage crops in 1935 should be of average proportions, since more normal feed production doubtless would greatly increase the demand for cattle for feeding and replacement and thereby decrease the proportion of market receipts of cattle and calves entering slaughter channels.

Prices of nearly all classes and grades of cattle advanced in April as slaughter supplies of both cattle and hogs continued at levels lower than a year earlier. The top price of well-finished cattle at Chicago reached \$16.25 in early May, the highest price paid at that market since early 1930. Market prices of cattle generally in recent weeks, however, have not advanced so much as the top prices; prices of lower grades of slaughter cattle actually weakened slightly in early May. The average price of all grades of slaughter steers at Chicago in April was \$11.10 compared with \$10.77 the month previous and \$6.42 in April last year. Most of the advance in cattle prices occurred during the first half of the month and, although the rise was fairly uniform as among the different grades of steers, prices of cows advanced more than other kinds of cattle. The average farm price of beef cattle on April 15 was \$6.71 compared with \$3.89 a year earlier and the 5-year 1910-1914 April average of \$5.50. Prices of veal calves also advanced during April contrary to their usual seasonal tendency.

Receipts of cattle at the seven leading markets in April were somewhat larger than in March but they were 15 percent smaller than April last year and 6 percent less than the 5-year April average. Inspected slaughter of cattle of 683,000 head in April was slightly smaller than in March but it was about 9 percent less than in April 1934. Inspected slaughter of calves in April amounting to 511,000 head was 8 percent larger than in March but about 3 percent less than in April 1934. Receipts of all grades of beef steers at Chicago in April were about 38 percent smaller than a year earlier and they were the smallest receipts for the month in the 14 years for which records are available. The proportion of the choice and good grades of slaughter steers received at Chicago in recent months has been much smaller than in the corresponding period a year earlier, reflecting the greatly reduced cattle feeding operations during the past fall and winter.

Average weights of cattle marketed also have been reduced considerably in recent months. The average weight of slaughter steers received at Chicago in April was 991 pounds compared with 1,050 pounds in April last year, and was the lightest weight for the month in the last 14 years at least. The average weight of all cattle slaughtered under Federal inspection in March was 915 pounds compared with 953 pounds in March last year and the 10-year average weight for March of 960 pounds.

United States imports of cattle and beef have increased materially in recent months. Total imports of live cattle inspected for entry into this country by the Bureau of Animal Industry for the period January to March 1935 totaled about 104,000 head compared with about 25,000 head in that period last year. About 78,000 of these imports in the January to March period this year came from Mexico, with the remainder coming from Canada. Imports of canned beef as reported by the Bureau of Animal Industry in the first 3 months of the present year totaled 15,776,000 pounds compared with 6,311,000 pounds in the corresponding months last year. Although imports of cattle and beef have increased materially in the last 3 months such imports are equal to only a small proportion of the total domestic beef supplies.

Rains and snow over much of the Great Plains area in recent weeks probably will result in a material improvement in the pasture and range situation in that area, which had become critical because of the lack of moisture during the past winter and throughout last year. If range feeding conditions have been sufficiently improved, the market movement of grass cattle this year may be no earlier than usual. In view of the present short supplies of feed grains, marketings of grain-fed cattle are likely to continue small during the next 6 months instead of increasing during the summer as is usually the case. However, if feed crop production in 1935 is more nearly normal a substantial increase in cattle feeding may get underway late in the year.

POULTRY AND EGGS

Prices of both poultry and eggs have risen from March to early May. This rise is largely due to relatively light receipts for this period of the year. With reduced flocks, as compared with earlier years, receipts are likely to continue below average levels for the next 3 or 4 months. In the case of eggs this means a low storage supply for fall and winter use which is likely to be partially offset by the effects of the heavier spring hatch. Receipts of poultry will probably remain below average in the fall in spite of increased hatchings. Assuming little change in demand conditions, prices of eggs are likely to advance somewhat more over those of a year before though the possibility is present that too great an immediate advance will check consumption and prevent a normal seasonal rise in the fall.

Market prices of special packed midwestern eggs at New York averaged 26.6 cents per dozen in April and on May 7 were 28-1/4 cents. This represents an average advance of about 2-1/2 cents from March to April, this change being characteristic of prices of most grades. Farm prices, however, rose from 18.6 cents on March 15 to 20.0 cents on April 15. April 1934 prices were 19.4 cents for special packed at New York and 13.5 cents for the farm price. The farm price of chickens on April 15, 1935 was 15.5 cents per pound, a rise of 1.3 cents in a month and 4.4 cents more than the price a year before.

Receipts of eggs at the four markets during April were relatively very light, 1,779,000 cases compared with 1,981,000 cases a year before and a 5-year average of 2,195,000 cases. In no April since the record began in 1919 have receipts been as low as in 1935. This decrease is largely due to there being about 7 percent fewer layers in farm flocks than a year ago. An even greater cut is indicated when comparison is made with averages of recent years. Of interest in this connection are hatchery reports indicating an increase over last year of about 12 percent in numbers of chicks hatched in the period January through March and a 50 percent increase in orders for April delivery or later.

Receipts of dressed poultry at the four markets during April were 13,500,000 pounds compared with 12,800,000 pounds a year ago and a 5-year average of 16,200,000 pounds. Except for last year these are the lowest April receipts since 1925 and reflect the small size of flocks.

Cold storage holdings of case eggs on May 1 were 3,900,000 cases compared with 4,600,000 cases a year ago and a 5-year average of 4,700,000 cases. The reverse is true in the poultry storage situation. Stocks of frozen poultry on May 1 were 61,700,000 pounds compared with 49,200,000 pounds a year ago and a 5-year average of 55,000,000 pounds.

BUTTER

Butter prices were relatively high during the first 4 months of 1935, due in large part to the unusually low production. As more pastures become available production will probably show more the usual seasonal increase, and the decline in prices from late winter to mid-summer will probably be greater than average. The wide margin between prices during the into- and out-of-storage period the past season indicates that the into-storage movement during the coming summer will probably be a larger proportion of production than in 1934.

The price of 92-score butter at New York in April averaged 34.5 cents per pound, this was 2.8 cents higher than in March and 11.8 cents higher than a year earlier. Prices reached a peak of 38.5 cents early in April but declined to 28.0 cents in early May. Prices during the first 4 months of 1935 averaged 34.2 cents per pound, compared with the price in December of 30.9 cents. The seasonal peak in prices usually occurs in December. The high level of prices during the first 4 months of 1935 compared with December was due in large part to the low production. Production of creamery butter in March was less than in November compared with the usual seasonal increase of about 25 percent. Because of the unusually light production during the winter the decline in prices from late winter until mid-summer will probably be greater than usual.

The farm price of butterfat in mid-April of 33.8 cents per pound was 2.6 cents higher than in March and 12.8 cents more than a year earlier. The April farm price of butterfat was equivalent in price to 21.3 pounds of feed grains compared with the 1925 to 1929 average of 30.6 pounds and the 1910 to 1914 average of 21.9 pounds. The price of butterfat will probably continue low in relation to feed grains until the new crops are available.

The price of 92-score butter at New York during the past out-of-storage season averaged 6.3 cents more than during the into-storage season.

During the preceding season prices during the out-of-storage period averaged slightly lower than during the into-storage season, and for the past 5 years the margin averaged only 1.5 cents.

The relatively wide margin during the past season indicates a stronger demand for storage during the coming summer than a year ago. In 1934 the net into-storage movement of creamery butter from May 1 to September 1 was only 15.7 percent of production compared with an 18-year average of about 20 percent. It seems probable that the into-storage movement during the coming summer will be a larger proportion of production than in 1934.

Trade output of butter in March of 114,700,000 pounds was 30,000,000 pounds or 20.7 percent less than in March 1934. The decline in trade output through regular commercial channels, exclusive of government distribution for relief, was 18 percent. The decline in trade output and the 19 percent increase in retail prices indicate a decrease of about 2 percent in consumer expenditures for butter in March 1935, compared with the same month of 1934.

Imports of butter in March of 4,900,000 pounds were 4.6 percent as large as production compared with 29,000 pounds in March 1934. Production of butter in the first 3 months of 1935 was 40,000,000 pounds less than in 1934. Imports in the same period of 1935 exceeded those of a year previous by 8,400,000 pounds. Although there has been a marked increase in imports the increase has not been nearly as large as the decline in production.

Oleomargarine production in the first quarter of 1935 exceeded production in the same months of 1934 by 46,000,000 pounds. Trade output of butter in the first 3 months of 1935, however, was down 85,000,000 pounds from the preceding year. Thus the consumption of oleomargarine and butter combined during the first quarter of 1935 was about 40,000,000 pounds less than in the first quarter of 1934.

Estimated production of creamery butter in March of 107,100,000 pounds was 13.2 percent less than a year earlier and the lowest for the month in 10 years. In the West North Central States production in March was 18 percent less than in March 1934, and in the East North Central States 7 percent less. During the first quarter of 1935 the changes in production have been about the same as the usual seasonal changes, the index of production which is adjusted for seasonal variation (1925-1929 = 100) has fluctuated between 99 and 102. At 99 in March the index was about the same as at the low point in the drought period of 1934.

Weekly reports indicate that butter production in April was less than in 1934, but in the most recent weeks the spread between 1934 and 1935 has narrowed.

Milk production per cow on May 1 as reported by crop correspondents was 2.4 percent larger than the exceptionally low production on that date in 1934. The number of milk cows on farms declined about 5 percent in the last year. These changes indicate a decrease of about 2 percent in total milk production from May 1, 1934.

CHEESE

Production of cheese continues low, while consumption has been fairly well maintained and stocks while relatively large are less than a year ago. With a better storage demand than in 1934 and short supplies of many food products it seems probable that prices during the into-storage season will average higher than in 1934.

The price of cheese (twins) on the Wisconsin Cheese Exchange declined from 15.0 cents in mid-April to 13.8 cents on May 4. The price in April averaged 14.7 cents, about the same as in March, but 3.7 cents higher than in April 1934.

The estimated production of all cheese in March of 34,400,000 pounds was 14.5 percent less than the high production a year earlier, but about the same as in March 1932. The 24 percent increase in production from February to March was about the same as the usual seasonal increase. Estimated production of American cheese in March was 20 percent less than a year earlier, New York State production was down 31 percent and Wisconsin 22 percent.

Trade output of cheese in March of 45,800,000 pounds was 9.4 percent less than in March 1934. Deducting the distribution of government cheese for relief the decline in trade output through regular commercial channels was 11.3 percent. Retail prices increased 8.7 percent during the year. These changes indicate that consumer expenditures for cheese in March were 4 percent less than a year earlier, but 13 percent larger than in the same month of 1933.

During the first quarter of 1935 apparent consumption of cheese was only 1 percent less than in 1934 while the apparent consumption of butter was 19 percent less. Consumption has held up much better for cheese than for butter. This may be due in part to short supplies of other protein foods.

Cold storage holdings of American cheese on May 1 of 50,000,000 pounds were less than a year earlier. The out-of-storage movement in April was relatively heavy. The relatively wide margin between prices during the into- and out-of-storage period of the 1934-35 season indicates the probability of a larger proportion of production being moved into storage movement from May 1 to September 1 than in 1934.

Imports of cheese in March were 11 percent less than a year earlier, but total imports for the first quarter were larger than in 1934.

LAMBS

Market supplies of lambs during the early summer probably will not be greatly different from those of a year earlier. Changes in supplies of lambs in the late summer will depend to a considerable extent upon the size of the lamb crop in the Western States and upon weather and feed conditions during the summer in that area. Prices of new-crop lambs normally decline from early June through July, but the decrease in slaughter supplies of other livestock, along with the improvement in demand conditions during the current season, may cause the decline in lamb prices this summer to be less than usual.

Prices of fed wooled lambs were steady to higher during April, but prices of spring lambs tended to decline during the month. April and May represent in-between months from the standpoint of lamb marketings. Part of the supplies during these months are fed wooled lambs from the crop of the preceding year. Part are shorn lambs also from last year's crop, and in addition early spring lambs or lambs from the 1935 crop are being marketed in volume at this time. The bulk of the good and choice wooled lambs at Chicago sold from $7.75 to $8.50 during April with the top on such lambs reaching $8.65 the second week of the month. Prices of such lambs in April last year ranged from $9.00 to $10.00. Prices of good and choice shorn lambs at Chicago in April this year were about $1.00 per 100 pounds lower than comparable wooled lambs. The price of spring lambs at Kansas City for the first week of April averaged $9.12 compared with about $9.62 a year earlier. By late April, however, prices of spring lambs at Kansas City averaged only about $8.50.

Receipts of sheep and lambs at the seven leading markets in April were slightly larger than in March and were 17 percent greater than in April last year. Inspected slaughter of sheep and lambs in April totaling 1,483,000 head was 21 percent larger than the corresponding month a year earlier, and was the third largest for the month on record. By early May most of the fed lambs from the Colorado-Nebraska feeding area had been marketed. Shipments of new-crop lambs from California and Arizona have increased materially in recent weeks. The lamb crop in these states is reported to be larger than last year and lambs marketed thus far have been of heavier weight than those of a year earlier. During May marketings of lambs from the Southeastern States, such as Tennessee, Virginia and Kentucky, are expected to get under way in large volume. The lamb marketings from this group of states apparently will be about the same as last year, but the condition of lambs is reported to be above average for this season of the year.

Information relative to the 1935 lamb crop in other regions is not yet available. Weather conditions in the Corn Belt this spring for lambs have been fairly favorable, but the shortage of feed supplies in many sections may tend to retard early marketings of lambs. For the Corn Belt as a whole the number of breeding ewes on January 1, 1935 was slightly smaller than a year earlier and the lamb crop in that area may be reduced slightly. In the Western States including Texas the number of stock sheep on January 1, 1935 was about 5 percent less than a year earlier, and weather and feed conditions in most of this region have been unfavorable until recently. It appears then that the lamb crop in the Western States may also be smaller than last year.

WOOL

Changes in domestic wool prices in the new clip marketing season just beginning will depend in considerable measure upon the extent of improvement in domestic mill consumption of wool during the year. Stocks of wools in both this country and the wool producing countries of the Southern Hemisphere are large, and the market movement of the new domestic clip is now getting underway in large volume. Thus it appears that available supplies of domestic wool will be about sufficient for needs of domestic mills for the remainder of 1935 at least. On the other hand, the reduced stocks of semi-manufactured and finished goods, the smaller domestic

wool production, and recent advances in foreign wool prices should be strengthening factors in the domestic market.

Prices of domestic wools at Boston continued somewhat irregular in April and early May, and slight declines were reported on most grades of wool during that period. The volume of trading on the Boston market has been well maintained in recent weeks. Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 64 cents a pound, scoured basis and 3/8 blood (56s) averaged 53 cents a pound for the week ended May 11, compared with 66 cents and 54 cents a pound respectively for these grades in the week ended April 13. In the second week of May 1934 fine strictly combing territory wool averaged 85 cents a pound and 56s averaged 79 cents a pound, scoured basis. The United States average farm price of wool on April 15 was 16.2 cents a pound compared with 17.4 cents on March 15 and 26.2 cents on April 15, 1934.

Stocks of apparel class wool (formerly clothing and combing wool) reported by dealers, topmakers and manufacturers on March 30 were 134,455,000 pounds, scoured basis compared with 170,004,000 pounds reported on December 31, 1934. Stocks of tops reported by dealers, manufacturers and topmakers showed a decline of 8,245,000 pounds on March 30 compared with December 31. The Bureau of the Census states that these figures cover practically all important holders of raw wool except growers. Comparable figures are not available for earlier years but on the basis of incomplete figures reported up to 1930, stocks held on March 30 were believed to be relatively large for that season of the year.

Mill activity in the domestic wool industry is being maintained at a relatively high level for this season of the year. The Bureau of the Census reports that the weekly average consumption of apparel class wool in the 5 weeks ended March 30 was 4,621,000 pounds, scoured basis, compared with a weekly average of 4,832,000 pounds in February and 5,549,000 pounds in January. Total consumption of apparel class wool in the first quarter of 1935 was 64,600,000 pounds, scoured basis, compared with 50,500,000 in the first quarter of 1934 and an average for the first quarter of 52,100,000 pounds in the 5 years 1929 to 1933. The average over all quarters in the years 1929 to 1933 was 56,300,000 pounds, and the average for the quarters of 1934 was 41,900,000 pounds. Mills are reported to have sufficient orders to maintain production at a fairly high rate through the first half of the year at least. Total mill consumption for 1935 probably will show a considerable increase over the unusually small consumption in 1934.

Receipts of domestic wool at Boston in April were 7,142,000 pounds compared with approximately 2,892,000 pounds in April 1934 and an average for April of 7,455,000 pounds in the 5 years 1929 to 1933. April is generally considered the first month of the wool marketing season. Arrivals of wool at Boston usually increase rapidly in May and June and reach a peak in July. Imports of combing and clothing wool for consumption were 5,307,000 pounds in the first quarter of 1935 compared with 10,381,000 pounds in the same months of 1934.

Foreign wool prices have improved considerably since March. Prices in English currency at the opening of the new series of sales at London on May 8 were generally 5 to 15 percent higher than at the close of the previous series on March 26. Since the exchange rate of the English pound is now slightly higher than in March the advance in foreign wool prices has

been fully reflected when such prices are converted to United States currency.

The 1934-35 selling season is drawing to a close in Southern Hemisphere markets. Exports from the five most important wool producing countries of the Southern Hemisphere from the beginning of the season up to March 31 amounted to 1,191,500,000 pounds and were 23 percent smaller than a year ago and 12 percent smaller than the average for this period of the preceding five seasons. Stocks of wool remaining in Southern Hemisphere selling centers on March 31 were about three times as large as on the same date of 1934 when stocks were unusually small. The increase as compared with the average for the 5 years 1929 to 1933 was probably about 15 percent. The increase as compared with the 5-year average is due to the heavy stocks in Australia and Uruguay.

COTTON

Domestic cotton prices in early May advanced to almost 12½ cents which was approximately 1¼ cents higher than in early April compared with prices of around 11¼ cents during the second week of May last year. Domestic cotton consumption during April amounting to approximately 463,000 running bales, was slightly less than in March and almost 10 percent less than in April last year. Total consumption for the first 9 months of the season was also about 10 percent below the like period last season. Domestic exports so far this season have been about 40 percent below a year earlier. Consumption of American cotton in foreign countries so far this season has been about 26 percent below a year earlier. World consumption of foreign cotton during the first 8 months of the season on the other hand were 22 percent larger than a year earlier.

Domestic cotton prices strengthened very materially during April and the first part of May. In early April the average price of Middling 7/8" in the 10 designated markets was around 11¼ cents but before the end of April they had advanced to above 12-1/3 cents and on May 10 reached 12.44 cents. Present prices are at the highest levels since the first few days of March and 1 to 1¼ cents per pound above prices at the same time last season.

Domestic consumption during April amounted to 463,000 running bales, according to data from the Bureau of the Census, compared with consumption in April last year of 513,000 bales and 470,000 bales in April 1933. Consumption in April this year was slightly less than the 481,000 bales consumed in March but the number of working days in April were slightly less than in March. Total domestic mill consumption for the 9 months ended April 30, 1935 amounted to 4,097,000 bales compared with 4,458,000 bales during the like period last season and 4,219,000 bales to the end of April 1933.

Exports of American cotton during April amounted to about 323,000 running bales compared with 387,000 bales in April last year, 436,000 bales in April 1933, and were the smallest for the month since 1924. Total exports for the first 9 months of the season amounted to 3,896,000 running bales compared with 6,485,000 bales in the like period last season which represents a decline of about 40 percent. Exports so far this season were also about 40 percent below the like period of 1932-33 and were the smallest for the 9 months period since 1917-18. The greatest decline has been in

the exports to Germany with exports for the first 9 months of this season only about 274,000 bales compared with exports during the like period last season of about 1,193,000 bales. Exports to most other countries have also been low.

Foreign consumption of American cotton has held up much better than is indicated by domestic exports. The New York Cotton Exchange Service estimates that for the 8 months ended March 31 foreign consumption of American cotton amounted to 4,132,000 bales compared with 5,583,000 bales a year earlier. The decline during the first 8 months of last season represented a decline of approximately 26 percent contrasted with a decline in exports of about 40 percent. The estimated foreign consumption of foreign cotton during the first 8 months of the current season of 9,361,000 bales was about 22 percent larger than during the like period last season.

During the 8 months ended March 1935 total exports of cotton from India amounted to 1,630,000 bales compared with 1,420,000 bales a year earlier and was the largest for the period since 1930-31. During this same 8-month period exports from Brazil amounted to 528,000 bales compared with 123,000 bales during the like period last season and were the largest for any similar period for which records are available. During the 9 months ended April 30 exports from Egypt totaled 1,363,000 bales of 478 pounds which were 193,000 bales less than a year earlier but with that exception were the largest for the period since 1910-11.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employ-ment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/ (1910-1914=100)	Commodity prices: United States: Wholesale 4/ (1926 = 100)	Commodity prices: Foreign 5/: In foreign currency (1926 = 100)	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100								
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
Jan.	78	54	73	77	105	72	69	1.25	103
Feb.	81	61	78	83	107	74	69	1.25	107
Mar.	84	65	81	84	108	74	69	1.13	102
Apr.	85	67	82	82	107	73	69	1.12	104
May	86	67	82	82	108	74	68	1.07	95
June	83	65	81	86	109	75	68	.88	97
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.				111					106

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - 0 - - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release June 15, 1935

THE PRICE SITUATION, JUNE 1935

FARM PRICES

Market prices indicate that the general level of prices received by farmers is lower than in mid-May. Prices of grains, other than corn, have declined considerably and cattle, dairy products and vegetables are lower than a month ago, whereas prices of hogs, wool, lambs, and some other products are higher. The index numbers of farm prices of grains, cotton and cottonseed, and fruits usually rise somewhat from May to June and generally reach the high point of the year in June. The index numbers of farm prices of dairy products, chickens and eggs, meat animals, and miscellaneous products, on the other hand, are usually a little lower in June than in May.

The index of prices received by farmers in mid-May was 108 percent of the pre-war average compared with 111 in April and 82 in May 1934. Prices paid by farmers in May probably were about the same as in April, or 128 percent of the pre-war average, compared with 121 a year earlier. Consequently, the ratio of prices received to prices paid declined to 84 from 87 in April, whereas, in May 1934 it was 68.

Cash income from the sale of farm products in April is estimated at $457,000,000 compared with $416,000,000 in March and $380,000,000 in April 1934. The increase of $41,000,000 from March to April was in contrast with the usual seasonal decline of about 8 percent. Rental and benefit payments in April amounted to $50,000,000, the same as the revised estimate for March, and were $43,000,000 higher than in April last year. Total farm income including rental and benefit payments in April was $507,000,000 compared with $387,000,000 April 1934. For the first 4 months of 1935 rental and benefit payments including income from cotton options and emergency sale of cattle, sheep and goats were $222,000,000 compared with $104,000,000 in the first 4 months of 1934, making the total income $1,905,000,000 from January to April this year compared with $1,695,000,000 in the same months last year. The decline in prices indicated above may be offset by increased marketings in May and June.

WHOLESALE PRICES

Wholesale commodity prices have maintained the high level reached in April. A decline in prices for farm products and foods was offset by a general advance in prices of other groups. The general level of wholesale prices in early June was 117 percent of the pre-war average.

Textile prices turned upward in late May from a slight downward trend since the beginning of the year. Metals strengthened in late May and early June, and are now back to the level of the first week in January. Prices of hides and leather have climbed steadily since the year's low in early April, resulting in an increase of 5 percent in the last 8 weeks.

Building materials have followed much the same trend as hides and leather, although the recent price rise has been less. Fuel and lighting, house furnishing goods, chemicals and drugs, have been practically unchanged for several months.

Wholesale prices in most foreign countries have been increasing. Wholesale prices in Italy continued the sharp upward trend which began in March of this year. Since the low point in mid-July 1934 prices in Italy have risen gradually (except for a slight recession in February), resulting in a rise of over 13 percent within that period, 10 percent of which has occurred since February. Wholesale prices in England continued the upward trend which began in March, advancing a total of 4 percent by the first week in June. During the last 2 months prices have risen a little in France, but remained practically unchanged in Germany and in Canada.

BUSINESS CONDITIONS

Available data indicate that the level of industrial production declined somewhat from April to May; usually there is little change in these months. Factory employment and payrolls also declined a little in May, but they were still near the spring peak. Residential construction, although at a relatively low level, has increased considerably and is now well above the level of a year ago. The volume of retail sales of general merchandise has been about the same as a year earlier, whereas, rural sales of general merchandise and automobile sales are well above a year ago. Automobile and lumber production declined in May owing partly to labor troubles. Automobile production recovered somewhat in late May, but production for the month was considerably below that for April when the seasonal peak was reached. Steel mill activity has declined whereas production and stocks of bituminous coal have increased in anticipation of labor difficulties.

One of the most favorable aspects of the business outlook is the relatively low level of stocks of manufactured goods and of non-ferrous metals. The decline in cotton mill operations flattened out during May and near the end of the month sales apparently exceeded production. Woolen activity has been good and rayon activity has increased somewhat. One of the immediate results of the Supreme Court's decision in the Schechter Poultry case on May 27 was a temporary recession in speculative markets, most of which has since been regained. Nullification of the codes will undoubtedly impart a greater flexibility to the industrial price structure and increase competition except in the highly tariff-protected industries.

The credit situation continues to be characterized by an increase on the supply side, but with little increase on the demand side as indicated by the small volume of commercial loans. Monetary gold stocks in the United States have continued to mount. This, together with increased disbursements of government funds from the Treasury and Reserve Banks, has brought member bank reserves to a new high record, and to twice the amount needed for the existing volume of deposits.

The outstanding financial developments abroad of late have been overshadowed by unsettled monetary and political situation in France with a continued out-flow of gold despite an increase in the rediscount rate of the Bank of France, from 2½ to 6 percent. This rise in the rediscount may intensify the deflationary pressure on French business.

The gradual improvement in business conditions in the United Kingdom which have been noticeable in recent months continued during April and early May. The improvement during April was more than the usual seasonal amount and was spread over most branches of activity with indications of continuing. Business conditions in France appear to be in a state of uncertainty with the future course contingent upon financial and political developments. Business conditions in Germany are still somewhat better than a year ago, but business is still depressed in Holland and Switzerland. Some improvement has taken place in Belguim since the devaluation of the belga. Conditions in the Scandinavian countries remain fairly satisfactory and reports from Australia, South Africa, Canada, and Latin America continue to be encouraging. Recent improvement in prices of a number of raw materials has helped the situation in these countries. In Japan, indications point to some let-down in business with the stock market depressed and production curtailed in the rayon and steel industries. China's foreign trade improved somewhat in April, but her financial markets remain nervous; the reduction of export duties and the abolition of inter-port duties are to be made effective July 1.

WHEAT

Wheat prices in the United States during the past month continued the readjustment occasioned by the prospects of surplus supplies in 1935-36. Liverpool prices declined much less than those in the United States and if present indications as to foreign production are borne out Liverpool prices may be expected to remain relatively firm.

The decline in wheat prices which started about April 22 continued to June 13. The decline in domestic prices, however, was much greater than that in the case of world prices, the margin of Chicago July futures over Liverpool July futures narrowing from about 17 cents to about 4 cents. Improvements in the new United States wheat crop prospects remained the dominant influence contributing to the weakness of the domestic market. Reaction to the sharp rise preceding mid-April and the unsettled situation in France were weakening factors in the world price level. Average farm prices of wheat in the United States declined from 90 cents per bushel in April to 88 cents in May and the mid-June average may be down to about 75 cents. Last year the June average was 79 cents. No. 2 Hard Red Winter at Kansas City dropped from 107 cents for the week ended April 20 to 91 cents for that ended June 8 and No. 2 Red Winter at St. Louis declined from an average of 100 cents to 86 cents for the same weeks.

The winter wheat crop in the United States indicated at about 441,494,000 bushels by conditions as of June 1, although still 29 percent below the 5-year (1928-1932) average, would be well above last year's short crop of 405,034,000 bushels. The spring wheat crop with May 1 condition at 85.2 percent of normal, compared with the 10-year (1923-1932) average

of 82.7 percent may approximate the 10-year average yield, if average weather conditions from now on are realized. On the acreage indicated for harvest by the intentions to plant report, this would mean a production of about 230,000,000 bushels of spring wheat. If the winter wheat crop indicated above is realized, such a production of spring wheat would result in the total wheat crop of about 670,000,000 bushels compared with 496,469,000 bushels last year and 860,570,000 bushels for the five-year (1928-1932) average. At 670,000,000 bushels, the production would be well over normal domestic utilization which is estimated at about 625,000,000 bushels. With July 1 stocks estimated between 150,000,000 and 170,000,000 bushels, total supplies may be in the neighborhood of 80,000,000 bushels greater than minimum needs, after allowing for a minimum normal carry-over of 125,000,000 bushels.

A preliminary analysis of prospective supplies by classes and regions indicates that the potential surplus will be largely of white wheat localized in the Pacific Northwest. The analysis, made on the basis of present indications, also points to a small surplus east of the Rockies consisting principally of soft red winter wheat. However, this may be largely used to offset a shortage in hard red winter wheat. Supplies of hard red spring wheat and durum may be ample for 1935-36 requirements if average conditions prevail during the remainder of the season.

The June 1 surplus for export or carry-over in the principal exporting countries, including United Kingdom port stocks and afloat, are estimated at about 560,000,000 bushels compared with 789,000,000 bushels a year earlier. On the basis of estimated shipments during June, these stocks may be in the neighborhood of 520,000,000 bushels on July 1, compared with 743,000,000 bushels a year earlier, and 789,000,000 bushels on July 1, 1933. This would represent a decrease of about 225,000,000 bushels during the past year. Stocks in importing countries have also decreased the last year by perhaps 60,000,000 bushels.

Based on such indications as are available this early in the season, it now appears that there will be an increase in total world production but that this increase will not be large enough to offset the decrease in stocks, This would effect an improved world supply situation compared with a year ago.

Present conditions in the Northern Hemisphere indicate an increase in the wheat production in North America but little change in the European crop, exclusive of Russia, and a decrease in the North African crop. Crop conditions in Russia are reported to be better than last year but a reduction of about 15 percent is expected in the production in China.

No official estimate of the spring wheat acreage in Canada is yet available but a preliminary report on farmers' intentions to plant indicated a decrease of about 3 percent compared with last year. Recent private reports, however, indicate that sowings may be from 5 to 10 percent below last year because of the delay occasioned by weather conditions. Cool, rainy weather delayed seeding but was of general benefit in promoting a strong growth and in postponing the hatching of grasshopper eggs. Crop

prospects are more favorable and much more uniform than they were a year ago. The official condition of all wheat as of May 31 was 97 percent of average compared with only 78 percent a year ago.

The crop situation in Europe was featured by unseasonably cool and cloudy weather during May. The condition of crops, which was unusually favorable last fall for nearly all countries, has generally shown some deterioration but in most cases is still around average or a little above. Crop prospects in Germany, Czechoslovakia, Austria, Greece and the Danube Basin at the end of May were quite favorable compared with last year. In Spain, Portugal, southern Italy, and most of French North Africa, especially Morocco, definite decreases from last year and even from average in some cases are in prospect. The durum crop of southern Italy and of North Africa now appears likely to be considerably less than last year and one of the smallest in recent years. Conditions in France, Poland, and the Baltic States indicate crops less than last year.

Dry weather in Argentina and Australia has delayed seeding and a decrease in acreage appears likely. In Russia the plan of the spring wheat acreage was 57,354,000 acres. More than three-fourths of this was sown by the early part of May and the plan was exceeded by May 20. Reports from most regions indicated quite satisfactory crop conditions. Average and above average conditions were reported in the Ukraine.

CORN AND OTHER FEED GRAINS

Corn and other feed grain prices declined during May and in the first week of June, with oats and barley receding rapidly toward a new-crop basis. Marketings of domestic corn, oats, and barley increased further in May, which together with some seasonal slackening in feed demand, resulted in a slowing-down of the disappearance of market stocks. Imports of feed grains were small in May, but somewhat larger quantities may be imported before the new crop becomes available. Recent weakness in wheat prices placed wheat on a feeding basis with corn over a larger area. Planting of the new corn crop has been delayed by unfavorable weather, but oats and barley prospects on June 1 were better than average. The condition of pastures and hay crops improved during May, and on June 1 were only slightly under average. Present prospects suggest a continued downward trend in feed grain prices.

Market prices of corn declined in May and early June, losing practically all of the late March and early April advance, and oats and barley fell sharply toward a new-crop basis. In the first week of May corn averaged 90.5 cents at five central western markets and in the first week of June 87.9 cents per bushel. No. 2 Barley at Minneapolis declined from an average of 95.3 cents for the week ended May 4 to 63.1 cents per bushel for the week ended June 8. No. 3 White oats at Chicago receded from an average of 47.9 cents for the week ended May 4 to 38.7 cents for the week ended June 8. The United States farm price of corn, May 15, was 84.8 cents compared with 85.2 cents on April 15. On May 15 the farm price of oats was 49.8 cents, and of barley 66.0 cents per bushel, and these prices were over 50 percent higher than a year earlier.

Receipts of feed grains at the principal markets increased in May, but feeding demand slackened with the availability of pasturage and the favorable prospects of early feed crops, resulting in smaller shipments of feed grains from these markets. Receipts of corn at 13 markets during May totaled 10,504,000 bushels, whereas shipments aggregated only 7,524,000 bushels. The May arrivals of oats at these markets were 3,288,000 bushels, while receipts of barley at four markets were 3,205,000 bushels. Shipments of oats from 13 markets totaled only 2,604,000 bushels. As the result of the increased receipts and smaller shipments, the rate of decrease in market stocks slackened noticeably in May. In the first part of April, commercial stocks of corn, oats, and barley were decreasing at a weekly rate of between 80,000 and 90,000 tons. The reduction in the last week of May was only 21,000 tons.

Arrivals of imported corn at Atlantic and Pacific Coast ports during May were relatively light, being 1,068,000 bushels compared with 1,445,000 bushels imported in April. Imports for the period, July 1934 through May 1935 totaled 12,338,000 bushels. Arrivals of oats in May were also small, 1,010,000 bushels compared with imports in the previous month of 2,167,000 bushels. The May arrivals of barley were 881,000 bushels compared with 1,566,000 bushels imported in April. Receipts of foreign corn at Atlantic and Pacific Coast ports during the week ended June 6 were 1,285,000 bushels. Heavier imports of Argentine corn into the United States are likely in the next several months. Argentine exports to all countries averaged about 7,000,000 bushels per week during May with shipments destined for the United States averaging about 1,000,000 bushels each week. The quality of the new Argentine corn is excellent.

The unusually sharp decline in barley prices during the past month may be attributed principally to the near-record supplies in California. Trade reports indicate a crop nearly twice as large as the small 1934 harvest of 22,682,000 bushels. The carry-over of old-crop California barley is small. United States farm stocks of barley on June 1 were 14,787,000 bushels compared with 25,584,000 bushels a year ago.

Planting of the 1935 corn crop has been delayed by unfavorable weather. On June 1, probably only about two thirds of the corn crop was planted in 11 of the principal corn states, although about 95 percent of the crop in those states is usually planted by that date. On the other hand, the May weather favored the small grains and the recovery of grass crops. The present condition of oats and barley is somewhat better than average, with hay and pasture slightly below. The June 1 condition of oats indicated a crop of about 1,200,000,000 bushels, or about an average crop. Barley production is also expected to show a somewhat similar increase. Total production of feed grains, however, will be supplemented by unusually small carry-overs of old crop grain. Using March 1 acreage intentions, present indications suggest a 1935-36 feed grain supply around 10 to 15 percent under the average of the past 10 years. The number of grain consuming animals will be somewhere around 15 percent below the average number during the preceding 10 years.

Present prospects point toward a total hay crop of around 75,000,000 tons or about 9 percent under the 10-year average. The number of hay consuming animals on farms next winter may be 3 or 4 percent below the average number wintered during the previous 10 years. The supply of coarse forages which can be substituted for hay is still largely dependent on weather conditions and on the acreages of late forage crops.

While most of the 1934 drought area was relieved by spring rains, a large sector comprising 131 counties in eastern Colorado, western Kansas, southwestern Nebraska, northeastern New Mexico, western Oklahoma, and western Texas was designated as drought territory as of May 17, 1935, effective until June 30. On June 5 western railroads also put into effect a tariff which reestablished reduced rates on shipments of hay, straw, and other roughage to the 1935 drought area until August 31, 1935.

RICE

Rice prices were well maintained during May with light marketings of rough rice and heavy movement of milled rise into foreign and domestic trade channels. While some seasonal recession in milled rice prices may be expected with the movement of the new crop, it probably will be less than usual. The adjustment of the new crop rough rice prices will be influenced by the processing tax regulations.

Recent amendments to the Administrative rulings increased the authorized 1935 rice acreage. The combined official allotment for Arkansas, Texas, and Louisiana was raised from 642,000 acres to 663,615 acres. The official quota for the above three Southern States was placed at 7,898,766 barrels compared with the earlier quota of 7,743,838 barrels (162 pounds each). The California acreage allotment was increased from 94,296 to 97,125 acres and the production quota from 2,708,810 hundredweight (1,672,000 barrels) to 2,767,983 hundredweight (1,709,000 barrels).

Planting of the 1935 rice crop in the Southern States and California was completed early in June. Rice along the Mississippi River in Louisiana showed prospects of an unusually early harvest. The total seeded acreage of southern rice may not be greatly different from last year when 676,000 acres were harvested. Indications point toward an acreage in California well below the 105,000 acres harvested last season. With average yields, the United States 1935-36 supply of rice may be slightly smaller than that of last season.

Receipts of rough rice at southern mills during April were 175,000 barrels, and in May 143,000 barrels, making the cumulative total for the season 7,686,000 barrels compared with 7,292,000 barrels in the same period of last season. Remaining supplies of rough rice in southern farmers' hands on June 1 were negligible. Shipments of southern milled rice from mills during April were 95,300,000 pounds and during May 96,100,000 pounds. Total movement into trade channels, August through May this season, aggregated 852,600,000 pounds compared with 672,000,000 pounds in those months of 1933-34.

Export demand for United States rice increased materially during April and May, while imports, particularly of by-products, tended to decrease. A processing tax of 1 cent per pound, rough basis, became effective April 1. The compensatory tax on milled rice, including brewers' rice, is $1.44 per 100 pounds. This tax is refunded when domestic milled rice is exported, and is applied upon imported foreign milled rice.

Prior to the effective date of the processing tax amendment to the Act, export demand was unusually slow, not only because of the relatively high price of United States rice, but also because of various trade restrictions in foreign countries. Exports increased sharply in April and May, although some of the increase may be attributed to the withholding of rice for export in March in anticipation of processing tax regulations. Rice grain exports in April totaled 14,137,000 pounds and in May 25,910,000 pounds, which brings the seasonal total through May to 76,333,000 pounds compared with 70,390,000 pounds in the like period of last year. Shipments to Puerto Rico and Hawaii, which were unusually heavy in March, receded in April and May. The movement to Puerto Rico in April was 25,597,000 pounds and in May 21,517,000 pounds, while 6,238,000 pounds were shipped to Hawaii in April and 8,037,000 pounds in May. The seasonal movement through May to Puerto Rico was 200,289,000 pounds as against 179,049,000 pounds in the same period of last season, and to Hawaii 69,363,000 pounds compared with 70,876,000 pounds last season.

The processing tax was also instrumental in decreasing imports of foreign rice which had been stimulated by increased brewing activity and the higher prices maintained by rice marketing agreements. Since a large proportion of Patna rice is purchased because of certain inherent qualities not possessed in the same proportion by domestic rices, and the other types of imported rices are utilized by certain groups of foreign-born, these rices may continue to be imported in fairly large amounts, but with the present compensatory tax imports of brewers' rice may continue small.

The May 15 farm price of rough rice was $3.10 compared with $2.96 per barrel on April 15 and $2.83 on March 15. California rough rice sold early in June at the maximum prices provided in the marketing agreement. Milled rice prices held largely unchanged in May, except for brewers' rice, which advanced.

POTATOES

Potato prices declined sharply during May, under the pressure of heavy marketings of both old and new stock. Prices in all markets are now much lower than they were a month ago, but the supplies of potatoes available during the next two months indicate that some advance in new-stock quotations is in prospect. Production in the second-early States and the first section of intermediate States is indicated to be about 17 percent below that of last year and 15 percent below the recent five-year average.

The total 1935 commercial crop of early potatoes is estimated at 36,550,000 bushels, compared with 42,799,000 bushels in 1934 and the 5-year (1929-33) average of 37,893,000 bushels. Most of the crop produced in the early and second-early states has already been marketed, leaving only that in the two intermediate groups to go during the next 2 months. Production in the second-early states is estimated at 6,089,000 bushels this year, or 25 percent less than in 1934, but 6 percent above average. In the first section of the intermediate states, the commercial crop is forecast at 10,834,000 bushels, or 12 percent below that of 1934 and 24 percent below the 1929-33 average. Production in the second section of the intermediate states probably will total close to 7,600,000 bushels, or not much different from the 1934 crop. These indications point to somewhat less new potatoes available for market during the next few months than were available a year ago, which with slightly stronger demand conditions probably will result in somewhat higher prices than last year.

Although car-lot shipments of potatoes during recent weeks have averaged slightly less than those during the same period in 1934, it is probable that total marketings have been considerably heavier, owing to the larger volume moved by motor truck. During recent weeks, more old stock has moved by rail or boat than during the same period last year, but slightly less new stock. Shipments from the late states this season to June 8 totaled 156,390 cars, compared with 163,425 cars to the corresponding date last year and a season total for 1933-34 of about 164,775 cars. About 17,170 cars of new potatoes have been shipped this year to June 8, as against 21,740 by the same time last spring. Shipments have been lighter this season than in 1934 in all of the early states. Shipments from North Carolina and Virginia are starting earlier than last year and, therefore, are greater.

Potato prices at central markets declined sharply during May from the relatively high levels reached in mid-April. Prices of old stock at New York dropped from 97 cents per 100 pounds sacked l.c.l. the first week of May to 72 cents the first week of June. New stock declined sharply from $4.12 to $1.56 l.c.l. basis. A year ago, old potatoes averaged $1.38 and new stock $1.59 in that market. At Chicago, old stock, mostly Round Whites from Wisconsin, averaged 67 cents per 100 pounds (car-lot basis) the last week of May, compared with 77 cents the first week of that month, whereas new potatoes brought $1.54, as against $2.60 the first week of May.

Shipping point prices followed much the same trend as city market prices during May. At Presque Isle, Maine, Green Mountains were quoted at 25½ cents per 100 pounds, f.o.b., during the first week of June, compared with 50 cents the first week of May, whereas Round Whites at Waupaca, Wisconsin, averaged about 40 cents, f.o.b. usual terms, sacked, per 100 pounds, against 50 cents in early May. Shipments from North Carolina had just begun to move and prices the first week of June averaged around $1.20 per 100 pounds, or only a few cents higher than during the corresponding period last year. F.o.b. prices at Alabama and Louisiana shipping points declined from $1.65 to a little less than $1.00 per 100 pounds during May, but recovered slightly to $1.25 during the first week of June as the end of the season approached.

The United States farm price of potatoes averaged 44.6 cents per bushel on May 15, compared with 49.1 cents on April 15, 73.7 cents on May 15, 1934, and 69.5 cents the May average for 1910-1914.

HOGS

Because of extremely small offerings, hog prices rose nearly $1 per 100 pounds during May. Normally the price trend is downward during that month as supplies usually increase from April to early June. Slaughter in May this year, however, was the smallest for the month since 1896 and was slightly smaller than in April. In view of the extremely small slaughter supplies in prospect for the summer months some further advance in hog prices may occur although it would be restricted if resistance of consumers to the rising trend in meat prices continues.

The average weekly price of hogs at Chicago rose from $8.87 per 100 pounds the first week in May to $9.79 during the last week in that month. The top price at that market reached $10.20 which was the highest price paid there since October 1930. Including the processing tax of $2.25 per 100 pounds the cost of hogs to packers at that market rose above $12, which was higher than at any time since 1928. The May average price of hogs at Chicago was $9.31 or 37 cents more than that of April. In May last year the Chicago average was $3.51.

Hog slaughter under Federal inspection in May, totaling 2,172,000 head, was 48.5 percent less than in May last year, nearly 45 percent smaller than the 5-year average for the month, and the smallest for any May since 1896 when the population of this country was 56,000,000 smaller than the present number. Slaughter during the first 8 months of the hog-crop marketing year which began last October was 24 percent less than in the corresponding period a year earlier. Slaughter during the first week in June was about 60 percent less than in the same week last year.

The seasonal increase in hog weights this spring has been much greater than average and in view of the existing feed shortage and the recent level of the hog-corn price ratio which has not been favorable to intensive feeding of hogs this development has been somewhat surprising. Average weights at most markets in recent weeks have exceeded those of a year earlier. At the beginning of 1935 average weights were considerably below those of early 1934.

The hog-corn price ratio, based on Chicago prices, has been slowly rising recently as hog prices advanced and corn prices weakened, and in early June it was up to 11.6. A year earlier it was 5.9. The ratio is expected to become more favorable for the feeding of hogs in the remainder of the year.

Wholesale prices of fresh pork advanced considerably during May and cured pork prices also strengthened somewhat. Lard prices, however, were about steady during the month, averaging slightly higher than in April. The composite wholesale price of hog products at New York in May averaged $21.26 per 100 pounds compared with $20.62 in April and $13.10 in May 1934. The composite wholesale price for May this year was the highest for any month since late 1930. The index of retail prices of hog products in that city on May 31 was 89.12 compared with 86.0 on April 30 and 56.06 on May 31 last year (1924-28 = 100). Consumer resistance to the rising trend in meat prices has been increasing recently, especially in large urban centers.

Hog products in storage were reduced more than the usual amount during May. Lard stocks decreased about 9,500,000 pounds or 9 percent. Ordinarily lard stocks increase during that month. The reduction in pork stocks of about 60,000,000 pounds, was more than five times as great as the 5-year average reduction for May. Total holdings of pork on June 1, amounting to 505,000,000 pounds were 21 percent smaller than those of a year earlier, 30 percent less than the 5-year June 1 average, and the smallest on record (21 years) for that date. Lard stocks, totaling 92,000,000 pounds were 50 percent less than those of a year earlier and 28 percent smaller than the 5-year average for June 1.

United States exports of both pork and lard have been sharply curtailed during the present marketing year. The decrease as compared with a year earlier has been much greater in lard than in pork. For the period from October 1934 to April 1935, exports of lard were 64 percent smaller and those of pork were 24 percent less than in the corresponding months of 1933-34. The decline in exports in recent months from a year earlier has been due chiefly to the greatly curtailed domestic production. The very large decrease from the 5-year average 1928-1933, has been due in large part to increased hog production abroad and to various governmental restrictions on importations of pork and lard.

Continued small supplies will be the dominant factor in the hog situation this summer and next fall. Slaughter supplies during the 4 months, July to October, probably will be about as small as in 1910 when the total under Federal inspection was only 7,227,000 head. Last year during this period the total was 12,112,000. Increased breedings for the 1935 fall pig crop are practically certain but such increase as occurs in this crop will not be reflected in market supplies until the spring of 1936.

CATTLE

Cattle prices for the balance of this year and for the first half of next, will continue to be supported by short hog supplies. Cattle slaughter during the next 6 months is expected to be much below "commercial" slaughter (excluding government) for the corresponding months last year, but it will probably be as large as for these months in 1932. Supplies of grain finished cattle will continue very short during these months. Some seasonal improvement in fed cattle prices is expected during the summer and early fall, but the $16.25 paid early in May may be the top for the year although there is no year of record when the yearly top of beef cattle prices in Chicago was in May, or any year of advancing cattle prices when the top price in May was not exceeded later in the year.

The upward trend in cattle prices which had continued with few interruptions for 5 months, December through April, was ended, for the time being at least, about the middle of May and during the last half of the month prices of all kinds and grades of slaughter cattle declined. The price recession was most marked with choice, heavy steers and least with lower grades of cows and with bulls. Early in May a top price of $16.25 was paid for finished steers at Chicago and this level was fairly well held during the first half of the month. Similar cattle at the close of the month would hardly have brought $14.00. From the week ended May 4, to the one ended June 1 the average weekly price of choice steers declined

from $14.45 to $12.28, good from $11.85 to $10.92, medium from $9.88 to $9.37 and common from $8.28 to $7.05. Although weakness in the price structure of choice steers became evident before the middle of May, prices of other grades advanced during the first 2 weeks reaching their highest weekly averages the week ended May 18. The average price of all beef steers at Chicago for May was $11.13, compared with $11.10 for April and $6.91 in May 1934 and was the highest monthly average since May 1930. The lowest monthly average of recent years of $4.80 occurred in February 1933. The May 15 average price of beef cattle at local markets was $6.80, compared with $6.71 in April and $4.13 in May 1934.

Prices of veal calves strengthened during May and the average price for the month on good and choice vealers at Chicago was the highest for any month since late in 1931. The average price of veal calves at local markets May 15 was $6.96 compared with $7.17 April 15 and $4.83 May 15, 1934. Prices of stocker and feeder cattle were well maintained during most of May. The weakness of finished cattle prices affected the demand for heavy feeders but there was a very good demand for light cattle to go on grass, with pastures late in the month the best for the season in some years.

Cattle supplies were rather sharply curtailed in May. Receipts at seven leading markets were 31 percent smaller than in May 1934 and 17 percent below the 5-year May average and the smallest for the month in many years. Inspected slaughter of 765,000 head was 11 percent smaller than in May 1934, but 7 percent above the 5-year average. Total inspected slaughter for the 5 months January to May this year was 3,501,000 head compared with 3,948,000 head during the corresponding period in 1934. Calf slaughter in May of 508,000 head was 15 percent smaller than in May 1934 but 5 percent larger than the 5-year average and the second largest for the month on record.

Supplies of beef steers at Chicago were much the smallest for the month in the 14 years of record, being only 68 percent as large as in May 1934. The proportion of good and choice steers, however, was large for the month and the actual number, although much below the number in May 1934 was larger than in three other Mays in the 14 years of record. The average weight of beef steers at Chicago was only 17 pounds less than in May 1934 whereas in earlier months the weights this year had been over 100 pounds less. For the first 3 months of 1935 the average live weight of cattle slaughtered under Federal inspection was 44 pounds below both the 1934 and the 5-year average.

A part of the decline in prices in the latter part of May was the result of a kosher beef consumers' boycott in New York which greatly reduced the shipping demand for the better grades of beef steers at Chicago.

Both the level and trend of beef steer prices at Chicago this year to date have been very similar to those for the first 5 months of 1927. The trend of stocker and feeder prices at Chicago this year has also been quite similar to 1927 but the level has been about $1.00 per hundred lower. The number of beef steers at Chicago for the 5 months this year was only 50 percent as large as in 1927 but inspected slaughter was 93 percent as large. At the same time hog slaughter for the 5 months this year was only 65 percent as large as in 1927 and for the 5 months in 1927 it was relatively small. The average price of hogs at Chicago during the 5 months in 1927 was not greatly different from the cost of hogs to packers (price plus processing tax) this year. With cattle and hog prices about the same this year as in

1927, the difference in supplies gives a fair indication as to the relative strength of consumer purchasing power in the 2 years.

POULTRY AND EGGS

Prices of poultry and eggs advanced in May. Poultry prices rose but slightly and they are probably at their seasonal peak. Low storage stocks and fairly light receipts will tend to keep egg prices above last year's levels and it is probable that, with good demand conditions, egg prices will advance even more from now to December than they did last year.

Market prices of special packed mid-western eggs at New York averaged 27.5 cents per dozen in May, an advance of 0.9 cents from the April average. Farm prices of eggs rose from 20.0 cents on April 15 to 21.4 cents on May 15. In May 1934 special packs were 19.4 cents and on the 15th the farm price was 13.3 cents. Farm prices of chickens were 15.7 cents per pound on May 15, 15.5 cents on April 15, and 11.2 cents on May 15, 1934.

Receipts of eggs at the four markets in May were 1,871,000 cases compared with 1,856,000 a year before and a 5-year average of 2,129,000 cases. Except for last year these are the lowest May receipts on record - since 1919. This situation is largely due to smaller flocks so that it is likely to continue well into the fall. By curtailing present storing operations its effects will extend into the winter also. The results of increases in hatchings will be noticeable by then, however. Reports from commercial hatcheries indicate an increase in April of 19 percent in salable chicks hatched, compared with April 1934.

Receipts of dressed poultry at the four markets in May were 14,400,000 pounds compared with 19,200,000 pounds a year ago and a 5-year average of 19,800,000 pounds. These figures also are exceptionally light and for much the same reasons as in the case of eggs, namely, fewer birds on farms. It is doubtful whether the increase in hatchings will be sufficient to raise fall and winter receipts to the level of last year.

Cold storage stocks of case eggs on June 1 were 6,400,000 cases compared with 7,819,000 cases last year and 5-year average of 7,665,000 cases. Since the peak of holdings comes about August 1 and comparatively little is stored from now on, stocks available for fall and winter use will be considerably less than in 1934.

Cold storage stocks of frozen poultry on June 1 were 48,311,000 pounds compared with 39,800,000 pounds last year and a 5-year average of 52,200,000 pounds. Poultry storage stocks decline from February to September, during which time they are a primary source of supply.

BUTTER

Butter prices have declined sharply. Production was unusually light in the late winter and early spring because of short feed supplies, but with the pasture season there has been a marked increase in production and a decline in prices. The improvement in pastures and feed prospects indicate heavier production during the last half of 1935 than in the same period in 1934. The into-storage movement has been heavy and consumer expenditures for butter are decidedly larger than a year earlier. This improvement in demand

will offset to some extent the effect of higher production so that prices during the into-storage period may average about the same as in 1934. The decline in prices has greatly narrowed the margin between domestic and foreign prices, and imports will probably be relatively small during the summer months.

The price of 92-score butter at New York declined from 29.0 cents in the first part of May to 25.0 cents in the early part of June. The price in May averaged 27.3 cents per pound. This was 7.2 cents less than in April but 2.8 cents higher than a year earlier. During the late winter and early spring butter production was exceptionally light but with the coming of the pasture season, production showed a marked improvement, and prices declined sharply.

The farm price of butterfat in mid-May of 27.5 cents was 6.3 cents less than a month earlier, but 6.0 cents higher than in May 1934, and the highest for the month since 1930. In mid- May the farm price of butterfat was equivalent to the farm price of 18 pounds of feed grains; this was the lowest for the month since 1920. Butterfat prices are also lower in relation to hogs and beef cattle than in 1933 or 1934. These price relationships may offset to some extent the effect of larger feed supplies on production.

Since the first of April there has been relatively little change in foreign prices of butter, and with the decline in domestic prices the margin between domestic and foreign prices has greatly narrowed. On June 6 the price of 92-score butter at New York was 7.10 cents higher than for New Zealand butter in London, compared with a margin of 19.9 cents in early April. The import duty on butter is 14.0 cents.

Imports of butter in April of 8,900,000 pounds were 7 percent as large as production. With the marked decline in the spread between foreign and domestic prices, imports will probably decline and be relatively small during the summer months.

Milk production per cow on June 1 as reported by crop correspondents was 8.7 percent larger than a year earlier. The number of milk cows on farms however is about 5 percent less than on June 1, 1934. These changes indicate that total milk production on June 1 was about 4 percent larger than a year ago.

The condition of pastures in dairy states on June 1 was 78.8 percent of normal compared with 53.3 percent a year earlier and the10-year average of 84.7. There were widespread rains in May and pastures improved during the month. The conditions of the hay crop and small grains are much better than a year ago. This improvement in the feed situation indicates heavier production of dairy products during thelast half of 1935 than a year earlier.

Estimated production of creamery butter in April of 127,500,000 pounds was 4.7 percent less than a year earlier and the smallest for the month since 1928. Production in April was 19 percent larger than in March, compared with an increase of only 8 percent between the same 2 months of 1934. As cows were turned on pasture after being on short rations during the winter there was more than the usual seasonal increase in production. The index of production which is adjusted for seasonal variation rose from 99 in March to 106 in April

(1925-1929 = 100). In the East North Central States April production exceeded the same month of 1934 by 4.6 percent, but in the West North Central States April production was 10 percent less than a year earlier.

Trade output of creamery butter in April was about the same as in April 1934. Retail prices, however, were 36 percent higher than a year earlier. These changes indicate that consumer expenditures for butter in April 1935 were 35 percent larger than in the same month of 1934.

There was an exceptionally heavy into-storage movement of butter in May, being 27,400,000 pounds. Total holdings on June 1 of 33,100,000 pounds were 6,000,000 greater than a year earlier but somewhat less than the 5-year average.

CHEESE

Cheese prices have declined with the improvement in total dairy production and prospects are for heavier production during the last half of 1935 than of 1934. Cheese production is relatively low, but consumption has been large. Storage stocks are about average, in contrast with the unusually heavy stocks during the winter. Consumer expenditures for cheese are decidedly larger than a year ago and are likely to be larger during the remainder of 1935 than in the same period of 1934.

The price of cheese (twins) on the Wisconsin Cheese Exchange declined from 14.7 cents in April to 13.5 cents in May. The price in May was 2.1 cents higher than a year earlier and the highest for the month since 1930.

Production of cheese in April of 40,500,000 pounds was 13.7 percent less than the unusual high production a year earlier and the lowest for the month since 1932. The increase in production from April to May was about the same as the usual seasonal increase. Production of American cheese in Wisconsin in April was 17 percent less than a year earlier, whereas New York State production was down 48 percent. All the principal producing sections showed lower production than in April 1934.

In contrast with the decline in production, trade output of cheese in April was 13 percent larger than in April 1934. Even excluding the distribution of government cheese for relief, trade output through regular commercial channels was up 11.1 percent. The increase in retail prices was 9 percent. These changes indicate an increase of about 21 percent in consumer expenditures for cheese from April 1934 to April 1935.

Imports of cheese in April were 5,400,000 pounds compared with 3,700,000 pounds a year earlier.

The into storage movement of American cheese in May was relatively light, 1,700,000 pounds compared with 5,800,000 pounds a year earlier. Total cold storage stocks on June 1 of 48,300,000 pounds were 9,800,000 pounds less than a year earlier, but about the same as the 5-year average.

LAMBS

Slaughter supplies of new crop lambs are expected to continue fairly large in June compared with last year but to drop off in July and August. In nearly all years lamb prices decline from the level reached in the early part of June and the monthly average and top prices the second half of the year are below the June average and top. If the same relationship holds between prices in June and the last half of the year as in other recent years the level of slaughter lamb prices during the second half of 1935 will not be greatly different from that of 1934 or 1933.

Lamb prices in May made the only substantial advance the market has had since February after prices declined from the short-lived advance in January. This advance, amounting to about $1.00 per hundred, carried the top on shorn old crop lambs to $8.65, which was about equal to the top on wooled lambs in January. Prices on spring lambs also advanced, with the top at $10.00, the highest since the new crop lambs began to arrive in volume. The first Idaho spring lambs at Chicago arrived on the same day in May this year as last, and brought $9.15 this year, compared with $10.50 for the first arrivals last year. On the same day this year prices of shorn old crop lambs were but little different from a year earlier, indicating the much narrower spread between the two kinds of lambs this year. This narrow spread is the result of the larger supplies and heavier weights of California spring lambs this year. Total eastern shipments of California lambs this year to June 1 were about 532,000 head, and 100,000 head larger than to the same date last year. The average price of lambs at local markets May 15 was $6,59, compared with $6.58 in April and $6.95 in May 1934.

Slaughter supplies of lamb in May continued to be fairly liberal. Receipts at seven leading markets were 1 percent larger than in May 1934, but much below average for the month. Inspected slaughter of 1,584,000 head was 28 percent larger than in May 1934 and 13 percent above the five-year May average and the largest for May on record. Because of the light movement of grass-fat wethers and yearlings from Texas in May this year, slaughter supplies included a larger proportion of fed and spring lambs than for some years.

WOOL

Wool prices advanced sharply in domestic markets in May after declining for many months. The price advance followed an increase in trading and heavy sales of wool were reported in the Boston market in May. Rising prices in foreign markets, the smaller domestic clip, and the relatively high consumption of wool by United States mills in recent months were contributing factors in the domestic price advance. Trading was greatly curtailed in early June, but prices are reported to be fairly steady. Consumption has been well maintained and mills are reported to have sufficient orders on hand to continue active production through July.

All grades of territory and fleece wools shared in the rapid advance in wool prices during May. For the week ended June 8 quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 74 cents a pound scoured basis compared with 64 cents for the week ended May 11 and

84.5 cents in the first week of June 1934. Territory 56s were 63 cents a pound scoured basis the week ended June 8 compared with 53 cents the week ended May 11 and 78 cents in the first week of June 1934. Prices of Ohio and similar fleece wools have maintained a fairly normal relationship to prices of territory wools on the Boston market. The United States average farm price of wool as of May 15 was 16.1 cents a pound compared with 16.2 cents as of April 15 and 23.4 cents on May 15, 1934. Prices at country points are reported to have advanced sharply since the middle of May.

United States mill consumption of wool increased in April. The weekly average consumption of apparel class wool in the four weeks ended April 27 was 5,454,000 pounds, scoured basis compared with 4,621,000 pounds in March and the high level for the year thus far of 5,549,000 pounds reached in January. Consumption of apparel class wool on a grease basis, from January 1 to April 27 was 153,800,000 pounds of shorn wool, greasy shorn basis and 31,700,000 pounds of pulled wool, greasy pulled basis. Total consumption of apparel class wool on a greasy shorn basis was 204,300,000 pounds. Consumption in the first 4 months of 1935 was higher than in the same months of any year since 1929. It was exceeded, however, in periods of equal length in 1931 and 1933.

Receipts of domestic wool at Boston in the first 2 months of the current season beginning April 1 were 24,400,000 pounds compared with 14,900,000 in the same months of 1934 when shipments were unusually small. Average receipts for the April-May period in the five years 1929 to 1933 were 25,234,000 pounds. Arrivals of wool at Boston usually increase rapidly in May and June and reach a peak in July. Imports of combing and clothing wool for consumption were 6,510,000 pounds from January to April 1935 compared with 12,729,000 pounds in the same months of 1934.

Prices at the close of the May series of London wool sales were 15 to 25 percent higher, in United States currency, than at the close of the previous sales in March. Quotations on most grades of wool at the London sales were higher than at any time since the summer of 1934. Wool prices also continued to advance in Southern Hemisphere selling centers in May. Rising prices and increased buying interest were reported from English and continental European wool textile centers in April and in the early part of May, and mill activity has increased.

The 1934-35 wool season in the Southern Hemisphere is drawing to a close. Although there has been some acceleration in disposals since the beginning of 1935 stocks on May 1 were larger than a year ago in all countries except the Union of South Africa and were also larger than the average for the five preceding years. The relatively large stocks in Southern Hemisphere countries, however, are offset at least in part by smaller stocks of wool in European consuming countries. In view of the present strong demand for wool in consuming countries, it is likely that Southern Hemisphere stocks will be materially reduced in the next few months.

Exports from the five principal wool producing countries of the Southern Hemisphere for the season to May 1 amounted to 1,406,000,000 pounds, a decrease of 10 percent compared with the same period last season and of five percent compared with the preceding five-year average for the corresponding period.

COTTON

During most of May prices of spot cotton in domestic markets ranged between 12 and 12-1/2 cents a pound, but on May 31 dropped to 11-1/2 cents. By June 14 however, the price of middling 7/8 inch cotton in the 10 markets had recovered to about 12 cents. In Liverpool, the ratio of the price of Indian to American cotton decreased slightly in May, reversing the trend which has prevailed since October. Domestic cotton consumption during May was about 6,000 bales more than in April but about 50,000 bales or 10 percent less than in May last year. Total consumption to the end of May was about 411,000 bales less than to the end of May last season, but it is expected that by the end of the season this difference will have been reduced considerably. Total exports from August 1 to the end of May were less than a year earlier by 2,595,000 bales or 38 percent whereas estimated foreign consumption of American cotton was only about 26 percent below last season, thus resulting in a substantial reduction in foreign stocks.

The average price of cotton in the 10 markets for May was 12.33 cents compared with 11.28 cents in May 1934. The average farm price on May 15 was 12.0 cents, compared with 11.7 cents in April and 11.0 cents per pound in May 1934. During May the ratio of three types of Indian (Oomra, Broach, and Sind) decreased relative to the price of American Middling and Low Middling for the first time since last October. The ratio in May averaged 76.5, compared with 77.8 in April, 71.7 in May last year and the low of 64.8 in October.

Domestic cotton consumption in May amounted to about 469,000 running bales, according to data released by the Bureau of the Census. This represents a slight increase over the 463,000 bales consumed in April but is about 10 percent below consumption in May last year. Total consumption for the 10 months ended May 31, 1935 amounted to 4,566,000 bales, compared with 4,977,000 bales during the like period last season. In view of the low level of consumption during the last 2 months of the 1933-34 season, it seems likely that domestic consumption in the next 2 months will be considerably larger than a year earlier, and that total consumption for the season will not be greatly lower than that of 1933-34.

Exports of American cotton during May totaled 279,000 running bales compared with 285,000 bales in May last year and 592,000 bales in May 1933. Total exports for the first 10 months of the season amounted to 4,175,000 bales compared with 6,769,000 bales a year earlier, a decline of 2,595,000 bales or 38 percent. In view of the small amount of cotton other than the Government-financed stocks and the fact that exports during June and July last year were comparatively large, it seems likely that exports for the remainder of the season will continue materially lower than a year earlier. Consumption reports of the New York Cotton Exchange Service as well as trade reports on stocks of American cotton in foreign countries indicate that foreign consumption of American cotton thus far this season has been maintained at a level substantially higher than is indicated by the low level of exports. Consumption estimates indicate that up to the end of April foreign consumption of American cotton during the current season was about 1,600,000 bales or 26 percent less than a year earlier. Consumption of foreign-grown cotton outside of the United States during the first 9 months of the season was estimated to have been about 1,800,000 bales larger than in the corresponding period last season.

Business Statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914=100	Commodity prices: United States: Wholesale 4/	Commodity prices: Foreign 5/ In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100					1926= 100			
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
Mar.	84	65	81	84	108	74	69	1.13	102
Apr.	85	67	82	82	107	73	69	1.12	104
May	86	67	82	82	108	74	68	1.07	95
June	83	65	81	86	109	75	68	.88	97
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.88	106
May				108					114

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - 0 - - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release July 15, 1935

THE PRICE SITUATION, JULY 1935

FARM PRICES

The general level of prices received by farmers in mid-July appears to be a little lower than in mid-June. Prices of cotton have increased during the last month whereas livestock prices have declined and prices of a number of commodities are about the same as a month ago. The index of prices received by farmers in June was 104 percent of the pre-war average compared with 108 in May, the recent high of 111 in April, and 85 in June 1934.

The general level of prices paid by farmers for commodities in June was the same as in March at 127 percent of the 1910-1914 average and was only 1 point above the September to December level. Thus the general level of prices paid by farmers has been practically unchanged for the last 10 months after the rise of 26 percent from the post-war low point in March 1933 to September 1934. The index of prices of commodities bought for family maintenance was unchanged from March to June. Somewhat higher prices for foods and housebuilding materials were offset by a considerable decline in prices of clothing and a little decline in prices of furniture and furnishings. The index of prices of commodities bought for use in production declined 1 point from March to June. This decline was accounted for by a 6-point drop in the index of feed prices. Prices of "building materials for other than house" and of farm machinery increased slightly whereas prices of equipment and supplies declined slightly.

The ratio of prices received to prices paid declined to 82 in mid-June compared with the recent high of 87 in April, and 70 in June 1934.

Cash income from the sale of farm products in May is estimated at $484,000,000 compared with $457,000,000 in April and $422,000,000 in May 1934. The increase in farm income from April to May was less than usual. Total farm income including rental and benefit payments in May was $520,000,000, compared with $506,000,000 in April and $438,000,000 in May last year. During the first 5 months of 1935 cash farm income totalled $2,423,000,000 compared with $2,137,000,000 in the corresponding period of 1934, and increase of 13 percent. Cash farm income probably declined more than usual from May to June and the rise from June to July is likely to be less than usual.

The general level of farm wage rates on July 1 is 99 percent of the pre-war average compared with 94 on April 1 and 90 on July 1, 1934. The rise in farm wage rates from April 1 to July 1 was more than the usual seasonal rise and brought the level of wage rates to the highest mid-year level in 4 years. Wages per day without board ranged from 70 cents in South Carolina to $2.55 in Massachusetts and average $1.41 for the country as a whole.

WHOLESALE PRICES

The general level of wholesale prices declined about 1 point during June to 116 percent of the pre-war average; most of this decline was the result of lower prices for farm products and foods. The market price of farm products declined to 108 percent of the pre-war average in the last week in June, which was the lowest since January. Both farm products and foods, however, recovered somewhat in early July, which resulted in a slight increase in the all commodity index for the first time since mid-May. Prices of chemicals and drugs also declined somewhat throughout the month, and prices of building materials fell during the latter part of June and early July. The outstanding change in metal prices of late was the decline of 1 cent in the domestic price of copper in the last week of June. The price declined to 8 cents from 9 cents a pound where it had been pegged for slightly more than a year.

Prices of commodities other than farm products and foods combined are slightly lower than a year ago, but 11 percent higher than 2 years ago. Prices of chemicals and drugs, fuel and lighting materials, hides and leather, are now higher than a year ago, whereas prices of building materials, textiles and miscellaneous products have each declined 3 percent; metals and metal products, and house furnishing goods have declined a littl

Prices of raw materials have shown a greater increase in the last year or two than have semi-manufactured articles and finished products. Prices of raw materials are 19 percent higher than they were a year ago, and 45 percent higher than 2 years ago, whereas prices of semi-manufactured goods have been steady the past year, compared with a 6 percent rise in prices of finished products.

The most significant change in foreign price levels during the last year is the continued rise in prices in Italy for the twelfth consecutive month, during which period prices have risen a total of 15 percent. During the past year prices in other foreign countries have not changed materially, slight gains having been made by Germany (4 percent) and Japan (3 percent), but with a further decline in France (4 percent) and Canada (0.6 percent). Although prices in England have fluctuated somewhat, the level of wholesale prices in that country is now practically the same as a year ago.

BUSINESS CONDITIONS

Industrial production was well maintained during June, with a larger mining output offsetting a smaller output in certain manufacturing industries. A recession because of holiday shut-downs in early July was apparently followed by a pick-up the following week. Bituminous coal production increased sharply in the first half of June in anticipation of a strike, then fell sharply in the week ended June 22, and recovered somewhat the next week. The variations in coal output had a marked effect on the volume of carloadings. Electric power production has been unusually large for this season of the year. Automobile production in June continued at a relatively high level, whereas there usually is a considerable decline. Automobile sales so far in 1935 have been considerably larger than in 1934, but the improvement over a year ago has been smaller in recent months. Department store sales also continue

larger than a year ago and mail order house sales are at record levels for this time of the year. Lumber production in June was considerably higher than in May.

Indications point to further improvement in lumber production and building activity in the near future whereas steel mill activity, and the production of automobiles and cotton cloth are likely to decline somewhat in July. The downward adjustment of copper prices and the generally good crop conditions are favorable factors in the business outlook.

Bank reserves continue to pile-up with an increase of nearly $1,000,000,000 in the last 6 months, owing principally to the large imports of gold. Member bank reserve balances, which are now in excess of $5,000,000,000, provide a basis for a huge credit expansion. This large supply of loanable funds has resulted in record low interest rates and high bond prices with significant reductions in the income from savings and endowments. Consequently, the reduction in interest rates relative to the earnings of employed labor should stimulate building activity, home ownership, the manufacture of production goods and may tend toward an increased use of machinery relative to the use of labor.

The volume of security issues during the first half of 1935 was considerably larger than a year earlier. The total of publicly offered issues, other than direct obligations of the United States Government, consisted largely of refinancing by State, municipal and other Government agencies; about one fourth of corporate refinancing; and about 5 percent of new corporate issues.

Federal revenues during the year ended June 30, 1935 were up sharply form the previous year, whereas expenditures, although approximately double receipts, increased only slightly over the previous year.

There has been no marked change in the general level of business activity in foreign countries during the past month. Further improvement in the capital goods industry in Great Britain resulted in some expansion of economic activity in that country. Industrial activity in the gold-bloc countries remains at low levels. Financial conditions in France have improved somewhat. Industrial activity in Germany is showing some improvement after remaining practically steady for several months. In the Far East there has been no further improvement in industrial activity and Chinese foreign trade has experienced some contraction. The silk market in Japan has been depressed by uncertainty in the American textile situation and the upward trend in industrial activity has been halted.

WHEAT

If the July 1 wheat crop prospects materialize, the new crop together with the carry-over would provide an export surplus of more than 100,000,000 bushels and some further adjustment in prices toward a more favorable export basis would have to be made to clear a surplus of such proportions. However, if rust development and other unfavorable growing conditions reduces the crop materially, the surplus might be reduced to a point where a continuation of carry-over stocks somewhat above minimum might hold domestic market prices above those of Liverpool during parts of the 1935-36 season.

During the period of price adjustment thus far experienced the margin of Chicago July futures over Liverpool July futures narrowed from about 17 cents in mid-April to about 2 cents for most of the last half of June. Owing to reports of rust, however, the margin has since widened again, being about 10 cents on July 13. From June 12 to 27, wheat prices in the United States fluctuated between relatively narrow limits following the adjustment from a deficiency to a surplus basis which started about April 22. Reports of infestation of rust in the spring wheat area, however, caused prices to rise sharply on June 28 when Chicago futures rose about 4-3/4 cents, and again on July 9 when they rose about 4 cents. Between these dates Chicago future prices suffered a decline of 7 cents in 2 days caused by the passing on July 4 of the Canadian wheat bill which among other things provided for the selling of the accumulated Canadian surplus stocks.

Average farm prices of wheat in the United States declined from 88 cents per bushel on May 15 to 77 cents on June 15. Last year the June 15 farm price was 79 cents. No. 2 Hard Red Winter at Kansas City dropped from 103 cents for the week ended May 18 to 88 cents for that ended June 15, and No. 1 Dark Northern Spring at Minneapolis from 118 cents to 106 cents for the same period. For the week ended July 6 the former averaged 93 cents and the latter 111 cents.

Production of all wheat in the United States in 1935, as interpreted from July 1 conditions, is indicated at 731,045,000 bushels compared with 496,929,000 bushels produced last year and the 5-year average (1928-1932) of 860,570,000 bushels. Winter wheat production is indicated at 458,091,000 bushels, an increase of about 17,000,000 bushels over the indications of a month ago. Production of all spring wheat in 1935 is indicated at 272,954,000 bushels, compared with last year's extremely short crop of 91,377,000 bushels and the 5-year average (1928-1932) of 242,384,000 bushels. Assuming domestic utilization to be at least 625,000,000 bushels, prospective current year's production would be well above domestic needs. Relatively high corn prices would increase the amount of wheat used for feed during the early part of the season prior to corn harvest, and tend to cause wheat utilization to be above normal. With July 1 stocks estimated at between 150,000,000 and 170,000,000 bushels, and it now appears likely to be nearer the lower limit, total supplies may be in the neighborhood of 100,000,000 to 125,000,000 bushels greater than minimum needs, after allowing for a carry-over of between 125,000,000 and 150,000,000 bushels.

Based on July 1 conditions, a production of hard red winter wheat of 219,531,000 bushels is indicated; soft red winter 188,458,000 bushels; hard red spring 206,015,000 bushels; durum 39,511,000 bushels; white 77,530,000 bushels. If these indications are borne out, our domestic needs by classes will be met during the current year even in the case of hard red winter, the prospective supply of which has thus far this season been considered inadequate. Surpluses appear to be of hard red spring, soft red winter and white wheat. In the event that rust damage becomes severe it would largely affect hard red spring wheat, reducing the surplus of such wheat.

The 1935 wheat production in the Northern Hemisphere, excluding Russia and China, now appears likely to be greater than last year by about 350,000,000 bushels or 12 percent, but this increase in production is largely offset by the reduction in world carry-over which is estimated at about 300,000,000 bushels under a year ago.

Weather conditions during June were favorable to crop development in most countries and the indicated total for the Northern Hemisphere based on July 1 conditions is higher than was reported a month ago. A larger crop is expected in Russia, but a somewhat smaller crop is forecast in China.

A slight reduction occurred in the condition of the spring wheat crop in Canada during June owing to damage sustained in parts of Southern Alberta and southwestern Saskatchewan. The condition of the crop, however, is well above that of a year earlier, being reported at 96 percent of average on June 30 compared with 97 on May 31, and 82 on June 30, 1934. The condition of winter wheat improved from 88 percent of average on May 31 to 94 percent on June 30 compared with only 45 percent on June 30, 1934.

Crop prospects in Europe improved considerably during June and a harvest somewhat above last year's and above the average for 1929-1933 is now indicated. This would be the second largest crop on record for Europe, excluding Russia, being exceeded only by the record crop of 1933. This increase over last year's crop is largely the result of fairly good crops in the Danube Basin where an increase of approximately 75,000,000 bushels is expected, and to less important increases in Italy, Czechoslovakia, Germany, and Austria. Smaller crops are indicated in France, United Kingdom, and the Baltic and Scandinavian countries.

Crop prospects in North Africa improved during the past month but the indicated total crop for the four countries is still nearly 25,000,000 bushels below the 1934 outturn. Larger crops are forecast in India, Japan, and Chosen but a somewhat smaller crop is expected for China.

CORN AND OTHER FEED GRAINS

The relative strength of current feed prices in the face of good pasturage, and prospects for increased feed grain and forage supplies for the 1935-36 feeding season reflects the influence of the present farm and market shortage of old-crop feed grains. The beginning of the harvest of relatively larger crops of oats and barley is being accompanied by a shift in the prices of these grains to the new crop basis. The more plentiful supplies of these feed grains is also tending to weaken corn prices. The harvesting of wheat and rye in some areas and the lower prices for the new crop grains is also tending to weaken the demand for corn.

Feed grain prices declined slightly during June and the first week in July. All classes and grades of corn at five of the most important markets averaged 87.9 cents per bushel in the week ended June 8 and 84.8 cents in the week ended July 6. In the same period, No. 3 Yellow at Chicago receded from 86.0 to 84.3 cents. Oats prices declined further toward a new crop basis, with No. 3 White oats at Chicago averaging 38.7 cents in the first week of June and 35.5 cents in the week ended July 6. No. 2 barley at Minneapolis, after advancing early in June, declined to the early June level and averaged 64.0 cents per bushel in the week ended July 6. The farm price of corn on June 15 was 83.3 cents compared with 84.8 cents on May 15 and 56.0 cents a year ago. The hog-corn ratio, based on Chicago

prices, was 10.5 for the week ended July 5, while that based on farm prices was 10.0 on June 15. A year ago the hog-corn ratio, based on farm prices, was 6.3

The market movement of domestic feed grains underwent a seasonal decline in June, but imports of corn increased sharply to record proportions. Market receipts and shipments of corn were smaller in June than in May. Arrivals of corn at the Atlantic and Pacific Coast ports in the period May 31 - July 4 totalled 6,275,000 bushels compared with 3,036,000 bushels imported in May. Imports of corn during the summer months will probably continue large. Commercial stocks of corn, July 6, were 7,459,000 bushels, the rate of decrease in July having slackened, particularly after mid-June. Shipments of oats from the principal markets exceeded receipts; imports were negligible. Commercial stocks of oats, July 6, amounting to 8,493,000 bushels were decreasing at about the same rate as corn, despite the nearness to the oats harvest. Wet-process corn grindings (for domestic consumption) in June totalled 4,028,000 bushels compared with 4,571,000 in May. Total utilization of corn by the wet-process industry, November - June this season, was about 21 percent under that of the same period last season.

Farm stocks of corn grain, July 1, totaled only 202,459,000 bushels, or 43 percent of the supply in this position a year ago. Farm stocks of oats, July 1 this year, aggregated 70,492,000 bushels compared with 107,577,000 bushels a year back. July 1 is a convenient date to commence the oats crop year. Farm and market stocks together with the crop make a total supply of oats for 1935-36 of 1,345,000,000 bushels compared with 657,000,000 bushels last season and 1,375,000,000 bushels, the 5-year (1928-1932) average.

With normal or near-normal weather conditions during the reaminder of the growing season, it is likely that farmers, generally speaking, will be able to replenish their badly depleted farm reserves of feed grains and also feed the usual or average quantity of grain and hay per head of livestock in 1935-36. During the last 12 months, the disappearance of feed grains per unit of livestock on hand has been less than three fourths of the usual quantity. The total 1935 feed crop acreage (corn, oats, barley) is 146,077,000 acres compared with 125,062,000 acres in 1934 and 155,394,000 acres, the 5-year (1928-1932) average. Based on July 1 conditions, the estimated total production of corn, oats, and barley is 85,113,000 short tons, compared with 49,814,000 tons harvested in 1934 and 98,010,000 tons, the 5-year (1928-1932) average.

The 1935 corn area is 93,590,000 acres, an increase of nearly 7 percent over the 1934 harvested acreage of 87,795,000 acres. The 5-year (1928-1932) average was 102,768,000 acres. Unfavorable weather conditions reduced the acreage below the intended area of 95,692,000 acres reported March 1. In most of the Corn Belt, corn planting was delayed by wet weather, and good weather during the remainder of the growing season will be needed to prevent a large proportion of soft corn next fall. Over a considerable part of the Corn Belt the crop is about 10 days late, although the first half of July has been the best period for corn so far this season. In Missouri, Kansas, and Illinois, a considerable area intended for corn was not planted. Inability of farmers to plant corn will probably result in a large increase in soybean, sorghum, and other late-planted crops. The July 1 condition of corn indicates a yield of 21.8 bushels per acre compared with a 10-year average of 25.7 bushels. In the recent similarly late, wet years, 1924 and 1927, the final yields per acre were 22.9 and 27.2 bushels, respectively. On the basis of the above 1935 acreage and yield per acre, a crop of 2,044,601,000 bushels is indicated. The 5-year (1928-1932) average production was 2,562,147,000 bushels.

The indicated production of other feed grains is above average. The 1935 oats acreage is 1 percent below the 5-year average, but with prospects of better-than-average yields, the crop is forecast at 1,266,243,000 bushels, or 4 percent larger than average. Less oats will be cut for hay than in recent years when hay supplies were short. The second largest barley crop on record was in prospect on July 1. The area for harvest this season is 12,957,000 acres and the crop is forecast at 316,850,000 bushels compared with 118,348,000 bushels in 1934 and 282,841,000 bushels, the 5-year (1928-1932) average. Prospects indicate a liberal supply of rye feeding from the 1935 crop, which is the largest since 1924. Approximately 81,000,000 bushels of wheat were fed on wheat farms in 1934-35. A continuation of fairly liberal wheat feeding may be expected in the first half of 1935-36.

Present conditions suggest materially larger supplies of forage for 1935-36. The prospective total hay production of 85,645,000 tons is 50 percent larger than the small 1934 crop, and is 6 percent larger than the 5-year (1928-1932) harvest of 80,400,000 tons. The largest acreage of soybeans on record is reported. Following 5 successive years of poor pastures, the July 1 condition of 85.4 percent of normal was about the same as the usual July 1 condition prior to 1929. Pastures were better sual in the important dairy area extending from Missouri, Iowa and Minnesota eastward.

RICE

Rice prices were maintained and in some areas advanced in June because of the unusually small marketings of rough rice and the continued heavy movement of milled rice to domestic and foreign markets. Remaining old-crop supplies are unusually small. Supplies of domestic rice for 1935-36 are expected to be somewhat smaller than in 1934-35. Less than a seasonal decline in prices is anticipated with the movement of the new crop. On the basis of present prospects, the average level of prices in 1935-36 is likely to be higher than in 1934-35.

Receipts of rough rice at southern mills during June were only 82,000 barrels, making a total, August through June, of 7,768,000 barrels compared with 7,473,000 barrels in the same period of last season. The June sales of California rough rice were also small and were largely from remaining seed stocks. Shipments of southern milled rice from mills during the month amounted to 52,900,000 pounds compared with 52,800,000 pounds for the 5-year (1929-1934) June average. The total movement into trade channels so far this season has been 905,600,000 pounds against 720,955,000 pounds in the like months of 1933-34. Shipments of California rice from mills in May amounted to 22,300,000 pounds, bringing the seasonal total, October through May, to 141,550,000 pounds compared with 120,770,000 pounds . . the same period of last season.

Maintenance of the heavy movement of southern and California rice into consumption results from the improved domestic and foreign demand following the establishment of a processing tax. Prior to its institution, shipments from southern mills into domestic trade channels were slightly below average, whereas since the assessment, they have been about one third above average. Some of this increase probably represents building up of stocks in wholesale centers. Before the tax, exports of United States rice this season averaged only about 5,000,000 pounds per month; since the processing tax, which is refunded on exported grain, went into effect, they have averaged about five times as large. Based upon weekly reports, exports during June totaled 28,700,000 pounds compared with 28,746,000 pounds in May. Shipments to Puerto Rico during June were 28,000,000 pounds, which brings the seasonal cumulative total to 221,000,000 pounds compared with 189,000,000 pounds in 1933-34. Shipments to Hawaii, consisting of practically all California rice, amounted to 3,400,000 pounds. The movement to Hawaii this season totaled 75,000,000 pounds against nearly 81,000,000 pounds in the same period last season.

Supplies of domestic rice for 1935-36 are expected to be smaller than for 1934-35, particularly in California. Less foreign rice will be imported because of the effect of the compensatory tax of $1.44 per 100 on imported grain. The 1935 United States rice acreage of 789,000 acres is not greatly different from the 781,000 acres harvested in 1934, but is considerably under the 5-year (1928-1932) average of 924,000 acres. The southern (Arkansas, Louisiana, and Texas) acreage of 700,000 acres compares with 676,000 acres last year. Unfavorable weather conditions restricted California plantings, and the acreage is estimated at only 89,000 acres compared with 105,000 acres harvested last year. The condition of the crop is about average in every state except Arkansas where it is well below average. Based upon conditions July 1, the 1935 southern crop is 32,056,000

bushels (8,904,000 barrels) compared with 30,631,000 bushels (8,509,000 barrels) in 1934 and 35,490,000 bushels (9,858,000 barrels), the average for the years, 1928-1932. The 1935 California crop was sharply reduced to 2,563,000 bags of 100 pounds compared with the 1934 harvest of 3,449,000 bags, and an average harvest of 3,387,000 bags.

The 1935-36 southern rice season begins August 1; the California season, October 1. The southern carry-over of old-crop rice on August 1 will undoubtedly be very small. Practically no rough rice was in first hands on July 1, and on the same date mill stocks of rough and milled rice totaled the equivalent of 632,000 barrels compared with 1,575,000 barrels a year ago. Combining the prospective August 1 carry-over and the southern crop, supplies of southern rice for 1935-36 will probably be slightly smaller than for 1933-34. The California carry-over October 1, may not be reduced in the same proportion as the southern carry-over, because of the relatively larger 1934 crop and the small 1934-35 exports of California rice. Owing to the smaller crop, however, most of the reduction in the United States supplies will be in California. This will restrict competition between California rice and southern rice in Puerto Rico.

The United States June 15 farm price of rough rice was $3.21 per barrel, compared with $3.10 on May 15, and $2.96 on April 15. Southern milled rice prices tended upward in June with extra fancy Blue Rose at New Orleans quoted on July 8 at $4.25 - $4.40 per 100 pounds compared with $4.10 - $4.30 early in June. California milled rice prices were unchanged in June and early July, with extra fancy Japan quoted on July 8 at San Francisco at $4.15 per 100 pounds.

POTATOES

Potato prices advanced sharply during the first week of July from the extremely low point of late June, but they were not yet back to the level of a month ago. Supplies of old stock were still liberal for this time of the year, but new potatoes were less plentiful than in 1934. Conditions as of July 1 indicate a total United States potato crop as of 368,000,000 bushels, or nearly 5 percent less than last year's harvested crop but about 1 percent above the average for 1928-1932. While the final outturn of the crop will depend upon growing conditions between now and harvest time, present prospect indicates that potato prices this season will average slightly higher than during the marketing year just closing.

During early July, Eastern Shore Cobblers advanced in the New York market to $1.44 per 100 pounds from $1.05 in late June, and Maine Green Mountains were slightly stronger at 78 cents. A month earlier, new potatoes averaged $1.56 and old stock 72 cents in New York. The price of new stock was about 25 cents per 100 pounds higher than a year ago, at which time shipments were much heavier than during early July 1935. The f.o.b. price of Cobblers on the Eastern Shore of Virginia recently reached a range of $2.00-$2.10 per barrel, after having been as low as $1.40, while 100-pound sacks reached $1.25, compared with 85 cents during the low price period of late June. A year ago, shippers on the Eastern Shore were receiving 84 cents per sack or $1.40 per barrel. Prices of Bliss Triumphs in the Chicago car-lot market during the first week of July averaged $1.55 per 100-pound sack, or considerably below the level of early June, while a few sales of northern old stock were still made at 40 cents. At the same time last year, new potatoes averaged $1.55 in Chicago.

The total potato crop in Virginia is forecast at 11,000,000 bushels, or 17 percent less than last season and 23 percent below average. New Jersey's total production is expected to be about the same as in 1934. Seven intermediate states together have prospects of 37,000,000 bushels, a considerable increase over last year, chiefly because of larger crops in Kentucky, Missouri and Kansas. All of the increase this year is expected to occur in the non-commercial portion of the crop since the commercial crop in the intermediate states is estimated at 18,432,000 bushels, or about 8 percent below that of 1934.

On the basis of July 1 condition, the potato crop in the 30 late states is indicated at 295,000,000 bushels, compared with 312,000,000 in 1934 and a 5-year average of 290,000,000 bushels. Practically all of the reduction this year is in the eastern and central states, while the West shows a sharp increase. The three eastern surplus producing states have prospects of only 89,000,000 bushels, against a very large production of 122,000,000 in 1934 and a 5-year average of 93,000,000 bushels. The five central surplus potato states had 96,000,000 bushels last year, but are expected to have only 91,000,000 this season. The 10 western late-potato states may increase from 54,000,000 in 1934 to a large crop of 74,000,000 bushels this year. The 12 other late states, which usually do not grow enough potatoes for their own needs, show only a slight gain over last year and now expect about 42,000,000 bushels. Total United States potato acreage for harvest this year is estimated at 3,256,000 acres, or about 2 percent less than last year but 2 percent greater than the 1933 acreage.

Shipments by rail and boat during the first week of July decreased slightly to 3,225 cars of new potatoes and 225 cars of old stock. The season's total shipments (not counting movement by truck) of new stock to July 6 were about 33,000 cars, compared with nearly 45,000 at the same time last season. With lighter shipments than last summer from the Eastern Shore section and with New Jersey only beginning its movement, some advance in prices may be expected during the next few weeks, but the usual trend is downward until October or November, when marketings from the late states reach a peak.

By June 15, the United States average farm price of potatoes had declined about 4 cents to 40.9 cents per bushel, ranging from a low of 11 cents in Maine to a high of $1.10 in Kansas. Growers in North Carolina and Virginia were averaging 70 to 75 cents per bushel. At the same time last season, the United States average was 64.4 cents, and the June average for 1910-1914 is 71.8 cents per bushel.

HOGS

Hog prices declined during June notwithstanding that marketings were somewhat smaller than in May. Adverse consumer reaction to the sharp rise in meat prices which occurred earlier in the year apparently was the most important factor causing the decline as slaughter supplies of all meat animals in June were smaller than in the previous month. Prices, however, began to strengthen during the first week of July, and in the second week of the month the top at Chicago reached $10.25, or 5 cents above the highest price paid previously this year. Slaughter supplies during the next 3 months are expected to be the smallest since 1902, when the total for July to September (comparable to the present slaughter under Federal inspection) was only 4,745,000 head. The total during this 3-month period in 1934 was 8,565,000 head. With storage supplies of hog products greatly reduced and summer slaughter expected to be the smallest in more than 30 years, conditions are favorable from the supply standpoint for a very marked seasonal rise in hog prices. The relatively low level of consumer buying power, however, will tend to offset to some extent price strengthening influence of the supply situation.

The average weekly price of hogs at Chicago after advancing 90 cents per 100 pounds in May declined from $9.79 in the last week in that month to $8.87 during the last week in June. An upswing started the first week in

July and by the middle of the month the weekly average had regained most of the decline made in June. The June average price at Chicago was $9.27, or only 4 cents less than that of May. In June last year the average at that market was $4.09.

Hog slaughter under Federal inspection in June, totaling 1,828,000 head, was about 16 percent smaller than in May and 51.4 percent less than that of June last year. It was the smallest June slaughter since 1895 and the first time since September 1920 that slaughter for any month was less than 2,000,000 head. The seasonal increase in hog weights which has been very marked since January continued through June and the weighted average for the seven leading markets during the last week of that month was 13 pounds greater than that of the last week in May and 7 pounds greater than in the corresponding week of 1934. Trade reports, however, indicate that the quality of hogs marketed in recent weeks has been below average and that dressing yields have been low.

Although corn prices weakened slightly during June the decline in hog prices was relatively greater and this resulted in a reduction from 11.6 to 10.5 in the hog-corn price ratio, based on Chicago prices. In early July last year the ratio was 7.6.

Wholesale prices of fresh pork declined rather sharply during most of June, despite the decrease in hog slaughter. Adverse consumer reaction to the price advances in the spring, together with the seasonal rise in temperature, apparently reduced the demand for fresh pork and this was reflected in considerable price weakness with respect to fresh products. Prices of cured products, however, tended to continue their seasonal rise or to remain unchanged. Lard prices because of decreased supplies rose to new high levels since 1928, after remaining rather stable for several months. The composite wholesale price of hog products at New York was $21.96 per 100 pounds in June, compared with $21.26 in May and $14.15 in June last year. The index of retail prices of hog products in New York on June 30 was 89.87, compared with 89.12 on May 31, and 59.61 on June 30, 1934 (1924-1928 = 100).

Stocks of hog products in storage were reduced still more in June following the marked reduction in May. Lard supplies were reduced 5,000,000 pounds whereas they usually increase in June. Pork stocks were reduced 58,000,000 pounds and the total of 445,000,000 pounds in storage on July 1 was the smallest of record for that date and was 29 percent smaller than a year earlier, and 38 percent less than the 5-year July 1 average. Lard holdings, totaling 84,871,000 pounds, also were the smallest of record for July 1, being 57 percent less than the very large amount reported a year earlier and 43 percent smaller than the 5-year average for that date. On the basis of indicated commercial slaughter supplies of hogs for the 3 months, July to September, total pork available for export and domestic use during this period will be about 42 percent less than in the corresponding months of 1934, and supplies of lard will be 53 percent less.

Exports of both pork and lard increased from April to May but the volume of lard exported continued unusually small. In both months for the first time in many years, the quantity of pork exported exceeded that of lard. As compared with the corresponding month last year the decrease in lard exports in May amounted to about 85 percent while the reduction in pork exports was only about 21 percent. Shipments of lard from the principal ports in June continued much smaller than a year earlier and shipments of pork also were less than in June last year.

The results of the June 1 pig survey made by the Bureau indicate a reduction of 19.6 percent in the 1935 spring pig crop from the spring crop of 1934, and 40 percent as compared with the average of the spring crops of 1932 and 1933. In the North Central States (comprising the Corn Belt) the decreases for the same comparisons amounted to 22.3 and 42 percent, respectively. The reduction in the spring crop this year indicates that hog slaughter during the 1935-36 winter marketing season (October to April) will be somewhat smaller than that of the corresponding period of 1934-35. The pig survey also showed that the number of hogs over 6 months of age on farms in the Corn Belt States on June 1 was 37 percent smaller than a year earlier. Such hogs represent the supply available for market during the summer months and the sows bred for fall farrow. Since the survey indicated that the number of sows for fall farrow would be nearly 20 percent greater than the number farrowing in the fall of 1934, the market supply of hogs for the next few months is expected to be probably not much more than half as large as in the corresponding period of last year.

The indicated increase of 20 percent in the 1935 fall pig crop will be reflected in slaughter supplies after April 1936. This increase, however, will not offset entirely the reduction in the 1935 spring pig crop, hence total slaughter during the 1935-36 hog marketing year which begins with next October is likely to be slightly smaller than the very small slaughter of the current year which ends with this September.

CATTLE

The weakness in cattle prices in June and the contra-seasonal decline in beef steer prices during the month, despite the relatively smallest supplies of cattle and hogs for any month in 1935, tends to support the conclusion that the high point of cattle prices was reached in May, although some advance from the levels of early July are to be expected. However, if consumer purchasing power should show a material increase in the later months of the year as a result of an improvement in business conditions it would be easily possible for cattle prices to exceed the May peak in view of the continued small supplies of cattle and hogs that will be available during the balance of the year.

Cattle prices during the first half of June were fairly steady at the levels reached after the sharp drop during the last half of May. During the last half of June the market weakened again and prices made another drop which came mostly during the week ended June 22. The decline in June carried the average weekly price of beef steers at Chicago to the lowest point since the end of January. The average weekly prices of choice steers went below $12.00 and of good steers below $10.00, in both cases for the first time since late January. The average weekly prices of common and medium steers the latter part of June were still above the level of late January but were sharply lower than at the high point in mid-May. The average monthly price of beef steers at Chicago for June was $10.28 compared with $11.13 in May and $7.34 in June 1934. The monthly average price of beef cattle at country points about June 15 was $6.55 compared with $6.80 in May and $4.00 in June 1934.

Prices of stocker and feeder steers declined in June. This decline was partly seasonal and partly in sympathy with the weakness in fat cattle prices. The average cost of stocker and feeder steers at Chicago in June was $7.36 compared with $8.34 in May and $3.92 in June 1934. Veal calf prices fluctuated rather widely in June tending to follow the movement of lamb prices rather than cattle prices. Early in July they were considerably below the high level reached in May.

Supplies of cattle in June were small, especially supplies at leading public markets. Receipts at seven leading markets were 30 percent smaller than in June 1934, with Government cattle excluded, and were 27 percent below the 5-year June average. Receipts at Chicago were much the smallest for the month in 50 years. Inspected slaughter of 669,000 head was 19 percent smaller than in June 1934, with Government cattle excluded, and only 6 percent below the 5-year June average ended June 1934, but equal to the 5-year June average from 1929 to 1933. Calf slaughter of 439,000 head was 80 percent of the June 1934 number, excluding Governments, and was 2 percent above the 5-year, 1930-1934 average. Supplies of beef steers at Chicago were one third smaller than in June 1934 but the proportion of good and choice steers was above average for the month.

Present prospects for feed grain production do not indicate that any burdensome surplus will develop this year and the ratio of feed grain prices to hog and cattle prices will be much less favorable to livestock production and feeding than they would have been if bumper or even average crops of few grains were harvested this year. However, if much of the corn crop this year should not fully mature and a large amount of soft corn had to be utilized for feeding, the demand for feeder cattle this fall might be strong although the corn crop was considerably below average.

POULTRY AND EGGS

Prices of eggs declined slightly from May to June. Relatively light receipts, however, may lead to more than the usual seasonal increase in egg prices in the last half of the year. Poultry prices declined slightly from a seasonal peak in May. Poultry receipts are likely to be light and, although the effects of present heavier hatching, compared with a year earlier, will be noticeable this fall, it will probably not be strong enough to result in as large a fall and winter decline as usual.

Market prices of special packed mid-western eggs at New York averaged 26.9 cents per dozen in June, a decline of 0.6 cents from the May average, but 6.9 cents above the June 1934 price. Farm prices changed correspondingly from 21.4 cents on May 15 to 21.0 cents on June 15. Farm prices of chickens declined from 15.7 cents per pound on May 15 to 15.6 cents on June 15. This was 4.4 cents above the price a year before.

Receipts of eggs at the four markets in June were 1,429,000 cases compared with 1,395,000 cases a year before and a 5-year average of 1,560,000 cases. Except for last year these are the lowest receipts for June on record since 1919. This situation is largely due to smaller flocks so that it is likely to continue into the fall and, by curtailing present storage operations, to affect the winter situation, too. Hatchery operations, however, continue to show an increase over last year's output. In May 1935 some 15 percent more salable chicks were hatched than in May 1934.

Receipts of dressed poultry at the four markets in June were 18,300,000 pounds compared with 22,500,000 pounds a year before and a 5-year average of 22,300,000 pounds. These are the lightest June receipts since 1925. It is doubtful if an increase of 15 percent, as present hatchery figures indicate, will bring receipts this fall up to average levels.

Cold storage stocks of shell eggs on July 1 were 7,591,000 cases compared with 8,965,000 cases a year before and a 5-year average of 8,984,000 cases. Into-storage movement is no longer active.

Cold storage stocks of frozen poultry on July 1 were 46,967,000 pounds compared with 40,600,000 pounds a year ago and a 5-year average of 41,400,000 pounds. Into-storage movement of poultry will not begin generally until late summer.

BUTTER

Butter prices declined in June and in early July were somewhat lower than a year ago. The decline since late winter has been unusually sharp. The condition of pastures has improved, and total milk production on July 1 is estimated to be nearly 6 percent larger than a year ago. Better pastures and more normal crops indicate heavier production during the last half of 1935 than in 1934. Butter prices have about reached the seasonal low point of the year. Even though production continues larger than a year ago, there is probably enough improvement on the demand side so that prices during the remainder of the storage period may average about as high as in 1934.

The Agricultural Adjustment Administration announced the purchase of 3,284,500 pounds of butter for relief on June 27. An announcement of July 9 stated that schedules had been sent out for bids on 5,000,000 pounds of butter. Funds were appropriated for this purpose by the Jones-Connally amendment to the Agricultural Adjustment Act.

The price of 92-score butter at New York in June averaged 24.2 cents, a decline of 3.1 cents from May but only 0.7 cents lower than in the same month of 1934. With greatly increased production since late winter, prices have declined sharply.

The farm price of butterfat in mid-June of 23.7 cents was 3.8 cents less than in May but 1.5 cents higher than a year earlier. In June the farm price of butterfat was equivalent to only 16.8 pounds of feed grains, the lowest for the month since 1920. The farm price of butterfat is also the lowest in relation to beef cattle and hogs since the war period. While improved pastures and larger crops will stimulate butter production, the low prices of butterfat in relation to feeds and livestock are tending to retard production. With more normal crops in 1935 than a year ago, a decline in feed grain prices in relation to butterfat is in prospect, but with the reduced supply of hogs and cattle, butterfat prices will probably continue relatively low in relation to these products for some time.

Milk production per cow on July 1 of 16.8 pounds was 12 percent higher than the low production on July 1, 1934, and the highest for that date since 1930. Milk production per cow increased slightly from June 1 to July 1 in contrast with the usual small seasonal decline. The total number of milk cows on farms July 1 was probably 6 percent less than a year earlier, so that total milk production July 1 exceeded the preceding year by about 6 percent and was the highest on record for that date.

The principal factor accounting for the increase in milk production per cow was the improvement in pastures. On July 1 the condition of pastures was the highest for any month since July 1929, and slightly above the 10-year average. This is in marked contrast to the unusually poor pastures a year ago. The pasture situation together with prospects for more normal crops than a year ago are the principal factors indicating heavier production during the latter half of 1935 than in 1934.

Estimated production of creamery butter in May was only slightly higher than in the same month of 1934. The increase in production from April to May was larger than the usual seasonal increase and the index number of production (which is adjusted for seasonal variation, 1925-1929 = 100) rose from 106 to 109.

Butter production in May in the East North Central States was 9 percent larger than in 1934, but in the West North Central States was 2 percent less. Weekly reports in June indicate considerably higher production than a year ago.

Trade output of butter in May was 150,300,000 pounds, about 6 percent less than 1934. Production showed little change but the into-storage movement this year was larger than a year ago. Retail prices of butter in May were 16 percent higher than in May 1934. These changes indicate an increase of 9 percent in consumer expenditures for butter.

The net movement of butter into storage in June was large, 63,000,000 pounds compared with 43,000,000 pounds in June 1934. Total stocks on July 1 of 96,000,000 pounds compare with 70,000,000 a year ago and the 5-year average of 91,000,000 pounds.

In the last 2 months butter prices in London have increased, whereas domestic prices have declined. In early July the price of 92-score butter at New York was only 4.5 cents higher than New Zealand butter in London, Imports have declined and will probably remain small during the remainder of the year.

CHEESE

Cheese prices have declined with the price of butter. Production in May was less than a year earlier but trade output was relatively large, and estimated consumer expenditures for cheese continues larger than in 1934. Storage stocks are decidedly less than a year ago. Prices have probably about reached the seasonal low for the year. With milk production during the last half of 1935 heavier than a year earlier, cheese production will probably be relatively large, but with the shortage of other protein foods cheese prices may average about the same as in 1934.

The price of cheese (twins) on the Wisconsin Cheese Exchange in June averaged 12.3 cents per pound, 1.2 cents less than in May but about the same as in June 1934. The increase in total milk production has tended to depress cheese prices.

Estimated total production of cheese in May of 56,900,000 pounds was 7 percent less than the high production a year earlier, but only 3 percent less than the 5-year average for May. The increase in production from April to May was somewhat greater than the usual seasonal increase.

American cheese production in May was 8 percent less than a year earlier. There was a small increase from the preceding year on the West Coast, but in each of the other principal producing sections production was less, the decline in Wisconsin being 3 percent.

In late June 50,000 pounds of cheese were purchased by the Government for relief, and in early July schedules were sent out for bids on 2,000,000 pounds of cheese.

Trade output of cheese in May was only 1 percent lower than in May 1934, and about the same as the 5-year average. Retail prices for cheese rose 11 percent in the past year. The changes in trade output and retail prices indicate that consumer expenditures for cheese in May exceeded those in May 1934 by about 10 percent. Consumer expenditures for cheese will probably continue larger than a year ago.

Cold storage holdings of American cheese on July 1 were 64,000,000 pounds compared with 80,000,000 a year earlier and the 5-year average of 68,000,000 lbs.

Imports of cheese in May were somewhat less than a year earlier, but total imports for the first 5 months of the year exceeded for the corresponding period of 1934 by 5 percent.

LAMBS

Little change in lamb prices appears probable during the remainder of the summer. Some decrease in slaughter supplies of lambs from the large slaughter in May and June may occur during the next 2 months. Slaughter of lambs in May and June, the first 2 months of the present crop year, was considerably larger than in the corresponding months a year earlier but slaughter in the remainder of the grass lamb marketing season (up to December 1) probably will be no larger than in that period last year, in view of the reduced lamb crop in the Western States this year. It is probable, however, that the proportion of late lambs from these states in slaughter condition will be larger this year than last. Whether or not the bulk of these lambs is slaughtered will depend to a considerable extent upon the demand for lambs for feeding in the Corn Belt and in western feeding areas during the fall months. Feed crop prospects in the Corn Belt, although below average, are much better than last year.

Prices of lambs tended to decline during June with the continued large slaughter supplies and some seasonal weakness in consumer demand for meats. The top price of spring lambs at Chicago at the end of June was only about $9.00 compared with the top of $10.00 reached in mid-May. Some recovery in lamb prices, however, occurred in early July. Prices of yearling wethers also declined during June but prices of aged ewes were about steady. The average price of choice spring lambs at Chicago in June was $8.89 compared with $9.00 in May and $8.96 in June last year. On June 15 the average price received by producers for lambs at local markets was $6.52, which was slightly lower than on May 15 but slightly higher than on June 15, 1934.

Slaughter supplies of lambs continued large in June. Inspected slaughter of sheep and lambs for the month totaling 1,421,000 head was about 13 percent greater than in the corresponding month a year earlier but was 10 percent smaller than in May. Slaughter in June was the fourth largest for the month on record. The increase in slaughter was not reflected in receipts at the leading mid-western markets. Receipts of sheep and lambs at the 7 principal markets in June were about 2 percent smaller than in that month last year. An increasing proportion of the slaughter supply was made up of lambs from the Northwest and Southeast and the Corn Belt. Because of the shortage of feed in the Corn Belt until late spring this year marketings of lambs from this area are later than usual.

WOOL

Wool prices averaged higher in June than in May both in domestic and foreign markets. Prices at the opening of the new series of sales at London on July 9 were mostly 5 to 10 percent higher than at the close of the previous series on May 23. The continued strength in wool prices in primary markets has been accompanied by increased business in European wool textile centers. Further improvement in mill activity was reported from continental European countries in May and June. The new domestic clip is rapidly moving out of first hands. Heavy sales to manufacturers in May greatly reduced stocks of unsold wool in the Boston market and a considerable amount of the business in June was on new clip wool to be graded and delivered when available. Consumption of wool by United States mills in the first 5 months of 1935 was higher than in the corresponding period of any year since 1923. Government orders for wool goods have been an important factor in the improvement in the wool manufacturing outlook for the next few months.

The strength of the market on wools suitable for government orders, mostly medium grade, has been reflected to some extent on other wools. Prices of graded fleece wools at Boston are now higher than at any time since August 1934. Quotations for fine (64s, 70s, 80s) strictly combing territory wools at Boston averaged 75 cents a pound for the week ended July 6 compared with 74 cents in the first week of June. Territory 56s were 62.5 cents a pound scoured basis for the week ended July 6, compared with 63 cents for the first week of June. The United States average farm price of wool as of June 15 was 19.8 cents a pound compared with 16.1 cents for May 15 and 21.9 cents in June 1934.

The weekly average consumption of apparel class wool by United States mills in the 4 weeks ended May 25 was 6,361,000 pounds, scoured basis compared with 5,454,000 pounds in April. This was the highest average for any similar period since May 1923. Consumption of wool from January 1 to May 25 was 200,340,000 pounds of shorn wool, greasy shorn basis and 40,118,000 pounds of pulled wool, greasy pulled basis.

Receipts of domestic wool at Boston in the first 3 months of the current season beginning April 1 were 66,200,000 pounds, compared with 48,400,000 pounds in the same months of 1934 when shipments were unusually small. Average receipts for the April - June period in the 5 years 1929 to 1933 were 71,000,000 pounds. July is usually the month of heaviest receipts at Boston. Imports of combing and clothing wool for consumption, from January to May of this year were 8,200,000 pounds compared with 13,873,0 0 pounds in the same months of 1934.

A reduction of 7 percent in the coming (1935-36) Australian wool clip is in prospect according to a preliminary estimate of the Australian wool selling brokers and producers. Decreases are also in prospect in the United States, the United Kingdom and France. The expected increase in the Union of South Africa probably will not be sufficiently large to offset the decrease in the four countries above mentioned, which produce abouc 48 percent of the world production exclusive of Russia and China.

The increased demand for wool in recent months has greatly reduced the heavy stocks of a few months ago in Southern Hemisphere countries. It nc appears that stocks of merino wool on hand at the end of the 1934-35 season (June 30) were smaller than at the close of the previous season. Stocks of crossbred wool, on the other hand, may be somewhat larger than in 1934. Because of the strong demand for wool toward the close of the season, comparisons may be altered when final figures for the season are available.

COTTON

Domestic cotton prices fluctuated within a range of about one fourth of a cent per pound during most of June with Middling 7/8" in the 10 markets averaging 11.97 cents for the month which was slightly lower than a year earli. In early July the price advanced to almost 12-1/2 cents. Cotton consumption in the United States in June decreased relatively to May but was 6 percent larger than the small consumption in June last year. Domestic exports in June continued to run well (25 percent) below a year earlier as did foreign consumption of American cotton although consumption in foreign countries continued relatively higher than exports. Exports and consumption of foreign cotton, on the orhter hand, have been well above last season. Domestic cotton acreage for the current season is slightly larger than the very low acreage of 1934. Early reports pertaining to the 1935-36 crops in foreign

countries indicate that the Chinese crop may turn out to be smaller than the previous one but in northeastern Brazil the new crop is expected to be 47 percent larger than in 1934-35.

On May 31, the price of Middling 7/8" cotton in the 10 designated markets dropped about one half cent per pound to 11½ cents, but by June 6 had recovered to 12 cents. Throughout the remainder of June domestic prices fluctuated within a range of about one fourth of a cent per pound but in early July advanced to almost 12½ cents and on July 12 the average price in 10 markets was 12.38 cents per pound. In June 1934 the average price in the 10 designated markets was 12.04 cents but with this exception the price in June this year was the highest for this month since 1930. The average United States farm price as of June 15 was 11.8 cents compared with 12.0 cents in May and 11.6 cents in June last year. The price of American cotton in Liverpool during June continued to strengthen relative to Indian, continuing the trend which became evident in May. The price of three types of Indian cotton during the 4 weeks ended June 28 averaged 76.4 percent of the price of American Middling and Low Middling, compared with 76.5 percent in May and 77.8 percent in April.

Domestic cotton consumption in June amounted to 386,000 running bales, according to the Bureau of the Census. This represents an increase of about 23,000 bales or 6 percent over consumption in June last year, but is considerably smaller than average consumption for the month and was 18 percent less than consumption in May. Despite the decline in consumption, trade reports indicate that manufacturers' sales for the month as a whole were below production. Total consumption for the 11 months ended June 30 amounted to 4,952,000 bales, compared with 5,340,000 bales during the like period last season. It now appears that consumption during July will not be materially different from consumption during July last year, as stocks of goods in manufacturers' hands apparently increased during June and unofficial reports during the early part of July indicate that sales were not sufficient to warrant any particular increase in activity.

Exports of American cotton in June continued well below the like period a year earlier. Total shipments to all countries amounted to about 345,000 bales compared with exports in June last year of about 459,000 bales. For the 11 months ended June exports totaled 4,519,000 bales compared with 7,229,000 bales in the 11 months ended June 1934, a decline of 2,710,000 bales or about 37 percent. Unofficial reports indicate, however, that foreign consumption of American cotton continues well above exports and that foreign stocks of American cotton continue to decrease.

Exports of Indian and Brazilian cotton so far this season have been considerably above a year earlier while exports of Egyptian cotton have been much smaller than last season. Foreign consumption of cotton other than American has been materially higher than last season and has apparently exceeded takings of foreign growths so that manufacturers' stocks of foreign growths as well as American cotton have apparently been reduced.

The cotton textile situation in Europe as a whole was more favorable during May and June than in the first part of 1934, particularly in regard to sales of cotton textiles. Mill activity also increased in some localities but in Germany and Italy the governmental limitations on imports and consumption of raw cotton continue to restrict operation.

The Crop Reporting Board estimates that on July 1 there were 29,166,000 acres of cotton in cultivation in the United States. This is 4.6 percent

more than the acreage in cultivation on July 1, 1934 but 32.4 percent less than the average for the 5 years 1928-1932. A recent report from the Agricultural Commissioner's office at Shanghai states that the 1935-36 Chinese crop is expected to be smaller than the 1934-35 crop owing to unfavorable weather conditions in North China. The 1935-36 plan in Russia calls for about 4,800,000 acres of cotton, about 92 percent of which was reported to have been planted up to May 15 which was a larger proportion of the plan than had been planted to that date a year earlier and weather conditions were reported to have been more favorable. The planned acreage is slightly larger than the 4,764,000 acres reported as having been harvested in 1934-35. The Brazilian Government has recently estimated that the new (1935-36) crop in northeastern Brazil where harvesting is just beginning would be equivalent to 1,086,000 bales of 478 pounds. This is 348,000 bales, or 47 percent larger than the record production in these states last year.

The latest available information on acreage and production for the individual countries indicates that total world cotton acreage in the season now drawing to a close amounted to approximately 73,600,000 acres and total production to about 23,622,000 equivalent bales of 478 pounds. These represent decreases of 1.3 and 11.1 percent respectively, as compared with 1933-34 and were both the smallest since 1923-24. Foreign acreage and production, however, reached new high levels in 1934-35, the reduction in world totals being due entirely to the reduction in the United States.

Business Statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914 = 100	Commodity prices: United States: Wholesale 4/	Commodity prices: Foreign 5/ In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100					1926 = 100			
1919	83	97	107	215	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
May	86	67	82	82	108	74	68	1.07	95
June	83	65	81	86	109	75	68	.88	97
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.88	106
May	85	68	81	103	117	80	70	.88	114
June				104					117

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - - - 0 - - - - - - -

The PRICE SITUATION

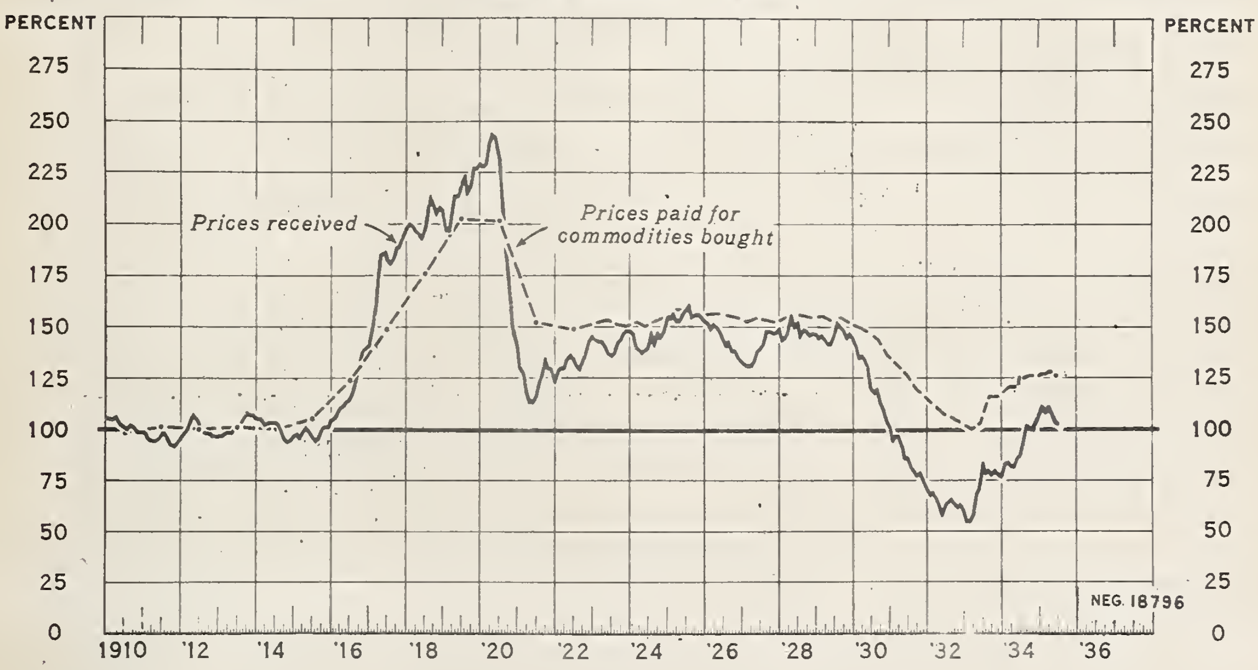
AUGUST 1935

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON

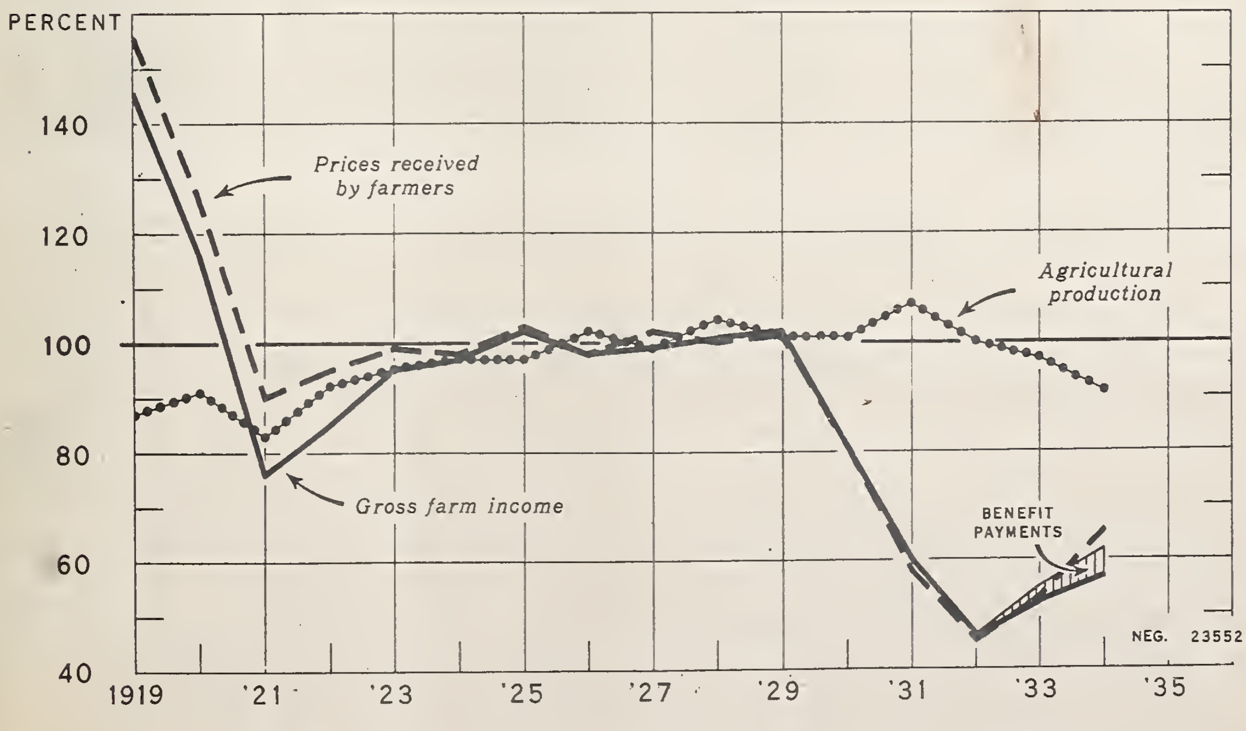
PRICES RECEIVED AND PAID BY FARMERS, 1910 TO DATE

INDEX NUMBERS (1910-1914=100)



AGRICULTURAL PRODUCTION, PRICES, AND INCOME, UNITED STATES, 1919 TO DATE

INDEX NUMBERS (1924-1929=100)



FARM PRICES

The marked advances in prices of hogs and wheat have been the outstanding developments in the farm price situation during the last month. The rise in hog prices is due chiefly to small current and prospective market supplies. Wheat prices have responded to the reduced crop prospects and poorer quality of spring wheat as a result of damage from heat and black stem rust. Indications now point to a total wheat supply about equal to domestic requirements. Prices of cattle and dairy products are about the same as in mid-July, whereas prices of cotton and feed grains are lower.

Some advance in the prices of the better grades of slaughter cattle from present levels is expected in the late summer and early fall as supplies of such cattle continue small. Prices of the lower grades may also advance somewhat, especially if there develops a strong demand for cattle for feeding and restocking. Some advance in lamb prices may be expected as slaughter supplies of lambs during the remainder of 1935 are likely to be materially less than a year earlier. Wool prices are likely to be well maintained during the remainder of 1935. Production of dairy products and stocks of butter continue large and prices of these products are relatively low for this time of the year. Egg prices during the next few months are likely to continue above the level of a year earlier, because of low storage stocks and improved business conditions, despite prospects for somewhat larger receipts. Poultry prices from now to December are likely to decline less than usual because of generally high meat prices. Larger than usual supplies of local-grown potatoes have more than offset the decrease in supplies in the intermediate commercial areas. Consequently, potato prices have declined during recent weeks and no material advance is anticipated in the near future.

The general level of farm prices, after declining from April to July, appears to have advanced somewhat since a month ago. The index of prices received by farmers declined from 111 in April to 102 in July, compared with 87 percent of the pre-war average in July 1934. Prices of all groups of farm products declined from June to July. The decline in prices of feed grains resulted in a one-point decline in the level of prices paid by farmers for all commodities, to 126 percent of pre-war. The ratio of prices received to prices paid by farmers was 81 in July compared with 82 in June and 71 in July 1934.

Cash income from the sale of farm products in June amounted to $438,000,000, compared with $483,000,000 in May and $422,000,000 in June 1934. The decrease in income from May to June this year was greater than usual. Cash income from sale of farm products for the first 6 months of this year amounted to $2, 670,000,000 compared with $2,466,000,000 in the first 6 months of 1934. Farmers' total cash income, including rental and benefit payments for the first 6 months of 1935 was $2,975,000,000 compared with $2,616,000,000 a year earlier, an increase of 14 percent. Present prospects as to supply for market and prices during the remainder of this year indicate that the income from marketings of farm products in the second half of the year may exceed to some extent that of the latter half of 1934. Rental and benefit payments, however, may be smaller, and consequently the cash income to farmers from marketings and from rental and benefit payments in the remainder of 1935 may be about equal to that for the corresponding months of last year when farm income was relatively high owing to forced sales of livestock.

WHOLESALE PRICES

The general level of wholesale prices after declining 2 percent in June was steady in July, followed by a considerable rise in early August owing largely to a rise in prices of farm products and foods. Wholesale prices of farm products declined 1 percent in the first 4 weeks of July and then rose 2 percent in the week ended August 3. Declines in prices of farm products, chemical and drugs during July were offset by small advances in all other specified groups, except metals and metal products, which were steady in price.

Wholesale prices in early August at 116 percent of the 1910-1914 average were 9 percent higher than a year ago and 15 percent higher than 2 years ago. Most of the rise in the level of wholesale prices during the last year is the result of an advance of 18 percent in prices of farm products and of 16 percent in food prices. Price changes in the other groups have ranged from a 6 percent rise in hides and leather to a 3 percent decline in miscellaneous products.

Wholesale prices in most foreign countries are still advancing. In Italy prices have been more steady in recent weeks following the sharp advance in the first half of the year. Prices in France, after a temporary advance in May, have declined to a new post-war low. In Germany, England, and Canada prices advanced a little in July.

BUSINESS CONDITIONS

The general level of industrial activity during July was maintained at about the June level in contrast with the sharp decline from June to July last year. During the first 6 months of 1935 industrial production averaged 87 percent of 1923-1925 compared with 83 percent in the first half of 1934. In July the level of industrial output compared even more favorably with a year ago and present indications are that in the last half of 1935 it will continue at a much higher level than in the last 6 months of 1934. In recent months there has been a marked increase in the manufacture of durable goods and the improvement has spread to an increasing number of industries which is stimulating steel output. The output of farm machinery and metal containers continues at high levels, activity in the machine tool industry has increased sharply, and retail sales of automobiles have held up unusually well, with the result that some manufacturers are continuing the production of 1935 models longer than they had intended. Electric power output has recently reached a new all-time high level for this season of the year. The outlook for fall wholesale and retail trade is the best in several years.

The marked increase in steel mill activity was the outstanding feature of industrial output during July. By the first week of August the rate of activity in steel mills had increased to the highest level since April, in contrast to a usual seasonal decline during July. Automobile production made slightly more than the usual seasonal decline in July and declined sharply at the close of the month, as some manufacturers closed down. Coal production dropped sharply during the first part of July after the unusually high output of June, but production increased in the last half of the month. In the textile industry activity in cotton textiles continued at low level, but output in silk textiles expanded considerably, accompanying

rise in the price of raw silk. Contracts awarded for residential construction were slightly lower in July than in June, but were considerably above a year ago.

Retail sales during July continued at levels somewhat higher than a year ago. Mail order houses in recent months have reported the highest level of sales since 1929 and sales by chain stores in rural areas are also at levels somewhat above the same time last year. The seasonally adjusted Federal Reserve Board's index of department store sales in July was 80 percent of the 1923-1925 average compared with 73 percent a year earlier. Retail sales of automobiles have made less than the usual seasonal decrease since May.

World industrial production made a moderate improvement during the first quarter of 1935, according to the index of world industrial production calculated by the Institut fur Konjunkturforschung, which rose from 102.6 percent of the 1928 average in January to 103.8 in April. More recent data on industrial activity in individual countries indicate further improvement in the past 3 months. In Great Britain the continued improvement in the capital equipment industries has been accompanied in recent months by some improvement in the output of consumption goods and business activity in June reached a new record level for the post-war period, according to "The Economist" index. Indications are for still further moderate expansion in Great Britain. Business activity continues at low level in the three "gold bloc" countries, where drastic steps are being taken to deflate prices and balance budgets. Attempts are being made to offset the effects of this deflationary program upon business, by special efforts to stimulate industrial activity. In Germany, industrial activity is being maintained by increased activity in government financed projects, in contrast to lower activity in private industry. In recent months increased military preparations have stimulated industrial activity in Italy. In Japan, there are signs of slackening in production in several industries, particularly textiles, but this is being offset to some extent by increased activity in the industrial development of Manchuria and North China.

WHEAT

On the basis of the greatly reduced crop prospects causing total supplies to approximate domestic requirements, it now appears that wheat prices in the United States will again be considerably above an export basis throughout most if not all of the 1935-36 marketing season. Hard Red Spring wheat may be expected to command a premium over Durum rather than the reverse as was the case last season, but supplies are short enough so that there will be substantial premiums for high grades of Hard Red Spring over corresponding grades of Hard Red Winter. A large proportion of the spring wheat crop is reported to be badly damaged and this will result in higher premiums for quality than those of last year. Moreover, with prospects that world supplies will be less than last year, it seems likely that prices at Liverpool may average a little higher than in 1934-35.

The current year's wheat production in the United States, based on August 1 condition is indicated to be about 608,000,000 bushels, which is somewhat below the normal domestic utilization of about 625,000,000 bushels.

As a result of the extremely short crops of the 2 previous years, (529,000,000 and 497,000,000 bushels) the carry-over into the current season has been reduced to 152,000,000 bushels, so that the total supplies for the year are indicated to be about 760,000,000 bushels. This is only 10,000,000 bushels in excess of the normal utilization of 625,000,000 bushels and a "normal minimum" carry-over of 125,000,000 bushels.

Even though total supplies appear adequate to meet domestic requirements, the supply of good milling wheat of the Hard Red Spring class in 1935-36 may be less than a year ago owing to the fact that part of the spring wheat crop is reported unfit for milling. Supplies of both Durum and Hard Red Spring were extremely short in 1934-35, being 15,000,000 and 133,000,000 bushels, respectively, whereas the current year's supplies are now placed at 34,000,000 and 148,000,000 bushels. Normal minimum requirements for current utilization and carry-over are about 30,000,000 bushels for Durum and about 160,000,000 bushels for Hard Red Spring. The larger supplies of Durum for the current year indicate that its price will be much lower relative to Hard Red Spring than was the case last year. Though the supply of Hard Red Spring wheat is larger than a year ago its low milling quality may be expected to result in good quality wheat selling at a substantial premium compared with Hard Red Winter wheat. Inspection reports indicate that test weight in the case of Hard Red Winter is running lower than a year ago, when quality was relatively good, but the situation is much less serious than in the case of the Hard Spring wheat. Dry conditions since about the middle of July appear to have eliminated practically all of the tough condition in Hard Winter wheat which was present in early market receipts.

Last year we imported 14,000,000 bushels of wheat for consumption in the United States of which 8,000,000 bushels were low-grade wheat for feed and 6,000,000 bushels, mostly Durum, were for seed and for use in the manufacture of macaroni and related products. There will not be the necessity of importing wheat for either of these purposes this year if present prospects are borne out. However, the short supplies of good milling hard wheats this year suggest some imports of Hard Red Spring wheat from Canada.

This year domestic supplies east of the Rocky Mountains are smaller than a year ago, amounting to only 639,000,000 bushels compared with 664,000,000 bushels in 1934-35. In the wheat states west of the Rockies, on the other hand, total supplies are indicated to be 120,000,000 bushels for the current season compared with 119,000,000 last year. The surplus of wheat in the region tributary to the Pacific Coast, the short supplies in the Great Plains area, together with the probability that there will be abundant supplies in the Soft Red Winter regions of the East indicate that prices of wheat and flour in the Pacific Coast and Southeastern States may be lower at interior milling centers east of the Rockies than is usually the case. Some of the surplus of the wheat in the Pacific Coast may find an outlet in the Orient again this year, as a result of the short crop in China and Australia.

The short supplies for the United States in 1935-36 as a whole may be expected to result in domestic prices being maintained close to an import basis for all classes of wheat at markets east of the Rockies. During

1934-35 No. 2 Hard Winter wheat at Chicago averaged 19.7 cents per bushel above the average price of parcels of wheat imported at Liverpool. A similarly high level of United States prices is to be expected during most of the current season.

Wheat prices rose in the United States after mid-July in harmony with the rise at Liverpool. Moreover, as the result of the prospects that our surplus which seemed probable in July would be eliminated and that we might again be on a domestic basis, the spread between Chicago and Liverpool has remained wide for this time of the year. Closing September futures at Chicago at 86-1/2 cents were 10-1/2 cents above October futures at Liverpool on August 13. This spread was about the same as in mid-July whereas it was only about 2 cents in late June when a surplus in the United States seemed apparent.

Average farm prices of wheat in the United States declined from 77.3 cents on June 15, to 76.4 cents on July 15. Reports of infestation of rust in the Spring Wheat Area caused market prices to rise sharply on June 28 and again on July 9, but prices on July 15 were back again to near June 15 prices. Farm prices for August 15 will be considerably higher than a month earlier in harmony with higher market prices. All classes of wheat rose in price during the last month. Thus No. 2 Hard Winter at Kansas City rose from 93 cents for the week ended July 13 to 104 cents for that ended August 10, No. 1 Dark Northern at Minneapolis from 109 to 128 cents and No. 2 Red Winter at St. Louis from 85 to 93 cents during the same period.

World wheat supplies outside of Russia and China in the 1935-36 season now appear likely to be about 200,000,000 bushels less than in 1934-35. The world wheat carry-over is estimated at about 300,000,000 bushels less than a year ago. Lower stocks in the principal exporting countries and afloat to the United Kingdom account for about 220,000,000 of this reduction, and Europe about 95,000,000 bushels. Some increase in stocks is reported for North Africa. Because of good prospects in the U.S.S.R. this year, that country might export around 30,000,000 bushels.

The world wheat crop outside of Russia and China in the 1935-36 season now appears likely to be about 70,000,000 bushels greater than last year's crop. Marked downward revisions in estimates for the United States and Canada, and continued drought conditions in Argentina are largely responsible for the reduction from the estimate of a month ago. The world production, excluding Russia and China is now estimated at about 3,525,000,000 compared with 3,456,000,000 bushels last year and an average of 3,761,000,000 bushels for the years 1930-31 to 1934-35. The 1935 European production is estimated at 1,588,000,000 bushels compared with 1,534,000,000 in 1934; the Canadian crop is tentatively estimated at around 300,000,000 bushels, compared with 276,000,000 a year ago; and it is likely that Argentina and Australia together will not produce more than 260,000,000 bushels this year compared with 373,000,000 bushels last year. The estimate for Canada is based on weather and yield studies with Canadian acreage figures and allows for a considerable amount of rust damage, the actual amount of which is highly uncertain until the grain is harvested. The estimate for the two Southern Hemisphere countries is made on the basis of weather and condition reports to date. Because some of the plantings have only recently been completed there is considerable opportunity for change in prospects as the season advances.

CORN AND OTHER FEED GRAINS

Prices of corn and oats have declined somewhat since late July largely as a result of improved corn prospects and because of plentiful supplies of other feed grains becoming available from the current year's production. Relatively favorable prices for livestock and a low level of feeders' reserves, however, are strengthening factors tending to offset weakening supply influences. Further declines in the farm prices of corn are likely as we approach the new crop marketing period. Oats prices now reflect the change to the new crop basis.

Little of last year's grain remains on farms but with a record crop of grain sorghums in prospect, a fairly good corn crop, and oats and barley together about up to the pre-drought average notwithstanding serious injury from heat and drought during July, the supply of feed grain is expected to be sufficient to permit the limited numbers of livestock and poultry on farms to be fed as liberally as during the half dozen years previous to 1933 and still leave an average carry-over of grain next summer.

Feed grain prices declined slightly during early August. All classes and grades of corn at five of the most important markets averaged 82.8 cents per bushel for the week ended August 10 and 84.6 cents for the week previous. The corresponding price for the week ended July 13 was 83.8 cents. No. 3 Yellow Corn at Chicago receded from 86.0 cents for the week of July 13 to 83.6 for that of August 3 and 84.2 for August 10. Oats prices after rising from 34.4 for the week of July 20 to 35.8 cents for that of August 3, declined to 31.6 for the week ended August 10. The farm price of corn on July 15 was 82.4 cents compared with 83.3 on June 15 and 59.2 cents a year ago. The hog-corn ratio, based on Chicago prices was 12.9 for the week ended August 10, compared with 10.8 for the week ended July 12, while that based on farm prices was 10.2 on July 15. A year ago the hog-corn price ratio, based on farm prices was 6.7.

The market movement of oats underwent a seasonal increase in July, whereas that of corn continued to decline, owing to the short supplies. Imports of corn continued but in greatly reduced volume. Arrivals in United States for the weeks ended July 11 and 18 averaged about 1,700,000 bushels and for the weeks ended July 25 and August 1 about 925,000 bushels. Commercial stocks of corn on August 10 were 5,800,000 bushels which was a slight increase over the week previous, in contrast with the weekly reductions during July. Market receipts during the month for both corn and oats exceeded shipments. Wet-process corn grindings for domestic consumption in July totaled 4,617,000 bushels compared with 4,028,000 bushels in June. Total utilization of corn by the wet-process industry November-July this season, was about 23 percent under that of the same period last season.

Corn crop prospects improved about 11 percent in July owing to vigorous growth during the month. After having been hampered by wet weather, which delayed planting and cultivation, hot, humid weather prevailed nearly everywhere east of the Missouri River. The only important corn producing states in which the crop deteriorated during July were Missouri and Kansas where prospects were reduced by heat and lack of moisture. Total corn production in 1935 as indicated by August 1 conditions is estimated at 2,272,000,000 bushels compared with the extremely short crop of 1,377,000,000 bushels in 1934 and the 5-year (1928-1932) average of 2,562,000,000 bushels. Production in the North Central States is indicated at 1,562,000,000 compared with 791,000,000 bushels in 1934 and the 5-year average of 1,910,000,000 bushels.

A grain sorghum crop of 148,000,000 bushels is indicated by August 1 conditions compared with the 5-year average of 94,000,000 bushels. The increased production this year is the result of the acute shortage of feed, heavy abandonment of winter wheat, and the late breaking of the drought in the Southwestern States.

An oats crop of 1,187,000,000 bushels is indicated by the August 1 condition, which is only 3 percent below the 5-year production. A decline of 6 percent took place during July, prospects deteriorating in all the North Central States except Wisconsin. In Ohio, Indiana, and Illinois the indicated production is 20 percent or more below average; in North Dakota and Montana 33 and 22 percent, respectively, above average. In most other states the indicated production is not greatly different from the 5-year average.

The indicated barley production is 287,000,000 bushels compared with 118,000,000 bushels produced in 1934 and the 5-year average of 283,000,000 bushels. The August 1 estimate is about 10 percent below that for July 1, owing to damage from rust, scab and heat in the West North Central States and considerable lodging in the East North Central States.

The August 1 estimate of total hay production is 87,000,000 tons compared with the 1934 crop of 57,000,000 tons, and the 5-year average of 80,000,000 tons, The current estimate of hay production is 1,000,000 tons above that for July 1 owing to abundant moisture supplies. The condition of pastures on August 1 at 81.1 is well above the 10-year average August 1 condition of 74.4 percent.

POTATOES

Potato prices declined generally during late July and early August and no material advance is anticipated in the near future. Despite blight damage in the Northeastern States, the potato crop as a whole improved during July and is now expected to be above average. Car-lot shipments continued light compared with a year ago.

Based on August 1 condition, the total United States potato crop is now forecast at 377,000,000 bushels, a 3 percent increase over the July estimate and 4 percent above the average for 1928-1932. However, production is still expected to be smaller than that of last year by 8,000,000 bushels or about 2 percent. Sharp gains over last season in the Western States and some of the Central States are more than offset by the expected decrease of 31,000,000 bushels, or 25 percent, in the three Eastern States, Maine, New York, and Pennsylvania. Most of the improvement during July occurred in the area east of the Mississippi River and particularly in the five Central surplus-producing States. That group now expects 97,000,000 bushels of potatoes; the three Eastern surplus States 91,000,000 bushels, and the 10 Western States about 74,000,000 bushels. Production in the five other Central late States is indicated at 43,000,000 bushels or about 3,000,000 more than the large crop in 1934. The 30 late-potato states together have prospects of 304,000,000 bushels this season, compared with 312,000,000 last year, and a 5-year (1928-1932) average production of 290,000,000 bushels.

Total shipments by rail and boat had decreased sharply to about 1,800 cars in the first week of August, but increased slightly to 1,900 cars the second week. Because of the large supply of potatoes produced in local and home-gardens this year shipments from commercial areas were 15 percent less than the movement of the same period last year. A season total of 47,600 cars to August 10 is about 13,000 below the output of the corresponding period in 1934. The Eastern Shore

of Virginia forwarded 315 cars by rail or boat last week, as against 155 a year ago, but New Jersey, with 600 carloads during the 7-day period, was somewhat short of last season's early August record. Supplies were beginning to come from early sections of the Northern States.

Larger than usual supplies of local-grown potatoes near the market centers have had a depressing influence on shipping-point prices this season. The Eastern Shore season was closing during the first week of August at the low level of 85-90 cents per barrel, or 52-65 cents per 100 pounds, f.o.b. cars. These prices compare with $2.00 and $1.25 respectively a month earlier, and $1.00 - $1.10 and 61-67 cents at the close of the 1934 season on Eastern Shore. The early August price of sacked cobblers in New Jersey was around 70 cents per 100 pounds, compared with $1.00 a year ago.

New York City l.c.l. prices of eastern cobblers at 75-85 cents per 100 pounds were slightly below the level of early August 1934 and about 65 cents lower than the prices of early July 1935. At Chicago, carlot prices recently were quoted at $1.15 - $1.25 per 100 pounds on eastern potatoes, $1.00 on Missouri Cobblers, and $1.30 - $1.55 on western Bliss Triumphs. These quotations are 30-35 cents below the corresponding figures of last season and slightly lower than the level of a month ago.

The United States average price to producers of potatoes advanced slightly to 52 cents per bushel by July 15, but was still 15 cents less than the average returns of the same date last year and about 30 cents below the July average for 1910-1914. The old crop season closed in Maine at 14 cents per bushel, whereas the highest July 15 price (this year) of 95 cents was recorded in South Dakota, Nebraska, Florida, and New Mexico.

HOGS

The summer seasonal rise in hog prices which started during the first week of July was still in progress during early August, when the top price at Chicago advanced above $12.00 per 100 pounds, or to the highest level since August 1929. Hog marketings in recent months have been the smallest for many years and this decrease together with the small supplies of pork and lard in storage are the main factors accounting for the sharp advance in prices. Continued abnormally small supplies will tend to maintain prices near recent levels until the marketing of the 1935 spring pig crop gets under way this fall. The market movement of spring pigs this fall, however, is likely to be somewhat later than usual and total slaughter this coming winter is expected to be somewhat smaller than the small slaughter of last winter. Further improvement in consumer purchasing power is in prospect but storage demand during the coming storage season may not be as strong as in the previous season in view of an expected increase in slaughter supplies next summer.

Hog prices rose sharply during July and early August, and in the week ended August 10 the average at Chicago was $10.84 per 100 pounds, or about $2.00 above the average for the last week in June, the low week of that month, and $6.00 above the average of the corresponding week in 1934. The July average price at Chicago was $9.49, or 22 cents higher than the June average, and $5.00 higher than the July average of last year.

Hog slaughter under Federal inspection in July totaling 1,712,000 head, was about 6 percent smaller than in June and 49 percent less than that of July 1934, when there was one less slaughter day. It was the smallest July slaughter since 1902. There was a further seasonal increase in hog weights and the weighted average of 254 pounds for the seven leading markets in July was 10 pounds more than the average for June and 14 pounds heavier than the July average of the previous year. Because of the large proportion of heavy hogs in the market supply, the range of price quotations in recent weeks has been unusually wide and heavy hogs have sold at a considerable discount under the prices paid for the light and medium weights.

Corn prices weakened somewhat during July whereas hog prices were advancing, thus causing the hog-corn price ratio to increase, and in early August it was 12.1 compared with 10.5 a month earlier and 6.5 a year earlier.

Prices of all fresh pork advanced sharply during the first 3 weeks of July and then reacted slightly, but the decline was followed by some improvement in early August. Prices of cured meats also advanced throughout July. Prices of all products at the beginning of August were at the highest levels in several years. The composite wholesale price of all products at New York was $22.69 per 100 pounds in July, compared with $21.96 in June, and $14.80 in July last year. The index of retail prices of hog products in New York on July 30 was 94.7 compared with 89.9 on June 30, and 62 on July 30, 1934 (1924-1928 equals 100.)

Another marked seasonal reduction in hog products in storage occurred in July, following the large reductions in May and June. Lard stocks were reduced 16,000,000 pounds, whereas they usually increase during July to the highest level of the year, normally reached on August 1. Pork stocks were reduced about 76,000,000 pounds, whereas in 1934 they were increased 15,000,000 pounds during the month. Total pork stocks reported as of August 1, amounted to 370,000,000 pounds, which is the smallest total for that date of record. The decrease from a year earlier amounted to 43 percent and from the 5-year average for August 1 it was 47 percent. Lard stocks totaling 69,000,000 pounds on August 1 also were the smallest of record for that date and were 67 percent less than the very large stocks of a year earlier and 56 percent less than the 5-year August 1 average. The bulk of the out-of-storage movement of hog products normally takes place between August 1 and November 1, but pork stocks now are much smaller than the usual amount in storage on November 1, and lard stocks are only slightly larger than the 5-year average for that date.

Exports of pork and lard in June were somewhat smaller than in May. For the first 9 months of the present hog marketing year total exports of pork were about 27 percent smaller than in the corresponding months of the preceding marketing year. The decrease in lard exports, however, has been considerably greater than that in pork exports. Lard exports during this 9-month period totaled only 132,000,000 pounds, compared with 430,000,000 pounds in the same period of 1933-34 and 450,000,000 pounds in 1932-33. Shipments of pork and lard from the principal United States ports in July were much smaller than a year earlier.

According to the summer hog outlook report issued by the Bureau in late July, supplies of hogs for slaughter in the 1935-36 marketing year which begins next October probably will be even smaller than the very small supplies in the current marketing year but the seasonal distribution of marketings is likely to be different from that of the present year and from average. Slaughter during the winter season (October to April) will be considerably smaller than that of a year earlier, whereas that in the summer season (May to September 1936) will be somewhat larger than in the corresponding season of 1935. There will be a general tendency to market hogs later than usual and at heavier than average weights.

Some improvement in consumer demand for hog products in this country is expected, but little improvement in the present restricted foreign outlook for American hog products is in prospect. Because of the smaller slaughter supplies of hogs and the further improvement in the domestic demand it is probable that hog prices will average higher for the year 1935-36 than in the current year. The downward trend in hog production which began in the fall season of 1933 apparently ended in the spring of 1935 and increasing production during the next 2 years is in prospect.

CATTLE

Some advance in the price of the better grades of slaughter cattle from present levels is expected in the late summer and early fall, as supplies of such cattle continue small. Prices of the lower grades of slaughter cattle also may strengthen somewhat this fall, especially if a strong demand for cattle for feeding and restocking develops. The number of cattle on feed on August 1 this year was much smaller than a year earlier, but some expansion in cattle feeding operations is likely in the next 6 months, in view of the increased feed crop production in 1935. With decreases in slaughter supplies of cattle and hogs probable for the last half of this year, compared with a year earlier, and further improvement in consumer demand expected, the general level of prices of cattle in the last 6 months of 1935 will average materially higher than in the last half of 1934, and probably higher than in the corresponding period of any year since 1930.

Prices of all classes and grades of cattle and calves declined during July, continuing the downward trend which began in late April and early May. In the first 2 weeks of August, however, prices of most kinds of cattle advanced, part of the July decline being regained. From the first week in May to the last week in July prices of slaughter steers declined from $2.00 to $3.50 per 100 pounds, with the drop being greatest in the case of choice steers. The decline in prices during this period was somewhat less for cows and calves than for slaughter steers, and prices of stocker and feeder

cattle declined only slightly from early May to late July. The average price of all grades of beef steers in Chicago in July was $9.80 per 100 pounds compared with $11.84 in June and $7.21 in July 1934. The average price of beef cattle at local markets on July 15 was $6.20 compared with $6.55 a month earlier and $3.91 a year earlier.

Marketings of cattle increased during July, as is usual for this time of year. Receipts of cattle at the seven leading markets in July were 22 percent greater than in June, but they were about 30 percent smaller than the commercial receipts at the same markets in July 1934. Slaughter of cattle under Federal inspection in July, totaling about 745,000 head, was 11 percent greater than in June, but 8 percent less than the commercial slaughter in July last year. Calf slaughter under Federal inspection in July amounted to 464,000 head, which was 6 percent larger than in June, but 12 percent below the July slaughter last year, As compared with the 5-year 1930-1934 average, inspected slaughter of cattle in July was 4 percent larger and inspected calf slaughter was 17 percent larger. Receipts of well finished grain fed steers in Chicago in July were somewhat larger than in other recent months, but they were materially smaller than in July 1934 and represented a smaller proportion of the total supplies of steers than was the case a year earlier. In each of the first 7 months of 1935 the number of all grades of slaughter steers sold out of first hand at Chicago has been the smallest for the month in the years since 1922 for which records are available.

The number of cattle on feed for market in the Corn Belt States on August 1, 1935 was estimated to be 28 percent smaller than a year earlier, and the actual number on feed was the smallest for August 1 in many years. Nearly all of the decrease compared with last year was in the states west of the Mississippi River; the combined number in the states east of this River was not greatly different from the number on feed on August 1, 1934. Increases of 10 and 12 percent, respectively, were reported in Ohio and Indiana, whereas decreases were indicated for all other Corn Belt States. The estimated decreases in the number of cattle on feed on August 1, this year in the several states ranged from as small as 5 percent in Michigan and Wisconsin to as large as 50 percent in Nebraska.

Although marketings of grain fed cattle probably will continue small during the remainder of 1935, materially larger supplies of such cattle are likely in the first half of 1936 than a year earlier. The substantial increase in production of feed grains and hay this year probably will be accompanied by a considerable increase in cattle feeding this fall and winter in nearly all areas, with the largest increase likely in the Western Corn Belt where feeding was greatly restricted last year because of the drought. The increase in the number of cattle to be fed, however, will be limited to some extent by the relatively small number of cattle from the Western Range States available for feeding. With increased feed production resulting in a stronger demand for stocker and feeder cattle and with supplies of such cattle reduced, prices of cattle for feeding this fall will be considerably higher in relation to prices of finished cattle than they were in the fall of 1934.

POULTRY AND EGGS

Egg prices advanced slightly during July. However, this advance was less than the normal seasonal rise, partly because receipts of eggs did not diminish as much as usual. While receipts during the remaining months of the year will probably exceed those of a year earlier, the dominating price factor

will be the size of storage holdings which are now at their seasonal peak, but are relatively small for this time of the year. Lower stocks, together with an improvement in general business conditions, is likely to keep egg prices during the rest of 1935 materially above last year's level. Poultry prices declined, as is customary at this time of the year. While this decline may continue during the next few months relatively high prices for other meats are likely to prevent it from being as great as usual.

Market prices of special packed mid-western eggs at New York averaged 27.9 cents a dozen in July, an advance of a cent from the June average, and 7.2 cents above the July 1934 price. Farm prices advanced proportionately from 21.0 cents on June 15 to 21.7 cents on July 15 and were 7.6 cents more than a year before. The farm price of chicken dropped from 15.6 cents a pound on June 15 to 14.0 cents on July 15, when it was 2.3 cents above the price a year before.

Receipts of eggs at the four markets were average during July, 1,101,000 cases compared with 951,000 cases a year before and a 5-year average of 1,100,000 cases. The decrease from the June figure was 328,000 cases, whereas during the last 5 years, July has averaged 460,000 cases less than June. This is very largely a result of increased production per bird, since there are fewer layers than at this time last year, which in turn is due to more plentiful feeding. This situation is likely to continue during the rest of the year although hatchings continue above last year's level, larger egg receipts at the markets will probably not be much in evidence before December.

The effects of these heavier hatchings, about 21 percent more in commercial hatcheries for the first half of 1935 than a year before, will be noticeable, however, in receipts of poultry in the early fall. It is not expected that receipts will increase proportionately over 1934, though, with egg prices favorable to the producer there will be a strong tendency to keep pullets which are ordinarily sold. It should be remembered, too, that fall poultry marketings in 1934 were characterized by heavy drought liquidation. Receipts of dressed poultry at the four markets in July were 18,200,000 pounds compared with 22,100,000 pounds a year before and a 5-year average of 21,200,000 pounds.

Cold storage stocks of case eggs on August 1 were 7,940,000 cases compared with 8,961,000 cases a year before and a 5-year average of 9,120,000 cases. Since storage eggs will be a major source of supply during the next 5 months, storage stocks, together with the consumers' ability to buy, are important price influences which are likely to maintain egg prices well above those for the corresponding period of 1934.

Cold storage stocks of frozen poultry are now near the season's low point, 41,177,000 pounds on August 1 compared with 44,900,000 pounds a year before and a 5-year average of 41,000,000 pounds.

BUTTER

Butter prices have been relatively stable for the past month. Butter production has been heavy, but the largest increase in production over the same period of 1934 probably occurred in June, and during the remainder of the year production may not be greatly different than in 1934. Storage stocks of butter on August 1 were decidedly larger than a year earlier, so that total supplies for the last 5 months of the year will probably exceed

those of a year previous. Consumer expenditures for butter have increased during the past year and, with prospects for improved business during the remainder of 1935, will probably continue to show an increase over 1934. It is to be expected that there will be the usual seasonal increase in butter prices from mid-summer to early winter, and even though total supplies are larger than a year ago, prices during the last 5 months of 1935 may average about the same as a year earlier.

The price of 92-score butter at New York in July averaged 23.9 cents per pound, slightly lower than in June and 0.6 cents lower than in July 1934. There usually is little seasonal change in prices during the 3 months June to August.

In mid-July the farm price of butterfat of 22.3 cents per pound was 1.4 cents less than in mid-June but slightly higher than in July 1934. The farm price of butterfat in July was equivalent to the price of 17.6 pounds of feed grains, the lowest for the month since 1920 compared with the 1925 to 1929 average of 26.8 pounds. This price relationship will tend to curtail supplementary feeding. When new corn is available it is quite probable that grain prices will decline in relation to butterfat. Farm prices of butterfat, however, are unusually low in relation to hogs and cattle. These price relationships will tend to offset the effect of larger feed supplies onproduction during the coming winter.

Milk production per cow on August 1 as reported by crop correspondents was 14.63 pounds or nearly 11 percent larger than on August 1, 1934. This increase in milk production per cow, together with the decrease of about 6 percent in the number of cows on farms indicates that total milk production on August 1 was about 5 to 6 percent larger than a year earlier.

Creamery butter production in June of 196,600,000 pounds was 7.6 percent larger than a year earlier and the second largest on record for the month. The 12 percent increase in production from May to June was about the same as the usual seasonal increase. Weekly reports of production in July and early August indicate that this large increase over 1934 was not being maintained. June will probably show the largest increase over the same month of 1934 for any month of the year. Total production during the last half of 1935 may not differ greatly from the same period of 1934, even though pastures and crops are much better than in 1934.

Trade output of creamery butter in June of 134,800,000 pounds was 3.6 percent less than in the same month of 1934. Retail prices, however, were 4.6 percent higher so that estimated consumer expenditures for butter were about 1 percent larger than a year earlier. With prospects for better business during the last half of 1935 than in 1934, it is to be expected that consumer expenditures for butter during the last half of 1935 will exceed those for the same period of 1934. Retail prices of butter are relatively low compared with prices of lard and other fats.

Cold storage stocks of butter on August 1 of 149,000,000 pounds were 41,000,000 pounds more than a year earlier compared with the 5-year average of 126,000,000 pounds. This increase in storage stocks indicates that the total supply of butter during the last 5 months of 1935 will be greater than in the same period of 1934.

The price of 92-score butter at New York on August 8 was only 3.9 cents higher than the price of New Zealand butter in London. With this narrow margin imports have greatly decreased and will probably be small during the remainder of the year.

CHEESE

Cheese prices advanced during late July after reaching the seasonal low point of the year. Production of cheese is heavy. Trade output and consumer expenditures for cheese have been larger than in 1934. With short supplies of meat and improved business, consumer expenditures for cheese will probably continue larger than in 1934. Even though production conditions are more favorable than a year ago, prices during the remainder of the year will probably average higher than in the last half of 1934.

Cheese prices (twins) on the Wisconsin Cheese Exchange rose from 12.5 cents in early July to 13.5 cents in the later part of the month. The average price in July of 12.7 cents was slightly higher than in June and 2.1 cents more than a year earlier. The seasonal low point in prices is probably past and a seasonal increase in prices from mid-summer till the first of the year is in prospect.

Estimated production of cheese in June of 70,700,000 pounds was only slightly higher than a year earlier but the highest on record for the month. The 24 percent increase in production from May to June was greater than the usual seasonal increase, and the index number of production (1925 to 1929=100 adjusted for seasonal variation) rose from 115 in May to 123 in June.

Trade output of cheese in June was unusually heavy at 55,900,000 pounds. This was an increase of 15 percent over June 1934, and an increase of 14 percent over the 5-year average. This increase in trade output occurred even though retail prices were about 8 percent higher than a year earlier. These changes indicate an increase of 24 percent in consumer expenditures for cheese. Short supplies and highprices of meats have probably been an important factor in stimulating cheese consumption at higher prices. With high prices and short supplies of meat in prospect for the coming winter the demand for cheese is likely to be maintained on a high level.

Cold storage stocks of cheese on August 1 were 82,000,000 pounds compared with 97,000,000 pounds a year earlier and the 5-year average of 82,000,000 pounds.

Imports of cheese in June were practically the same as a year earlier, but total imports for the first half of the year were 4 percent larger than in 1934.

LAMBS

Slaughter supplies of lambs during the remainder of 1935 are expected to be materially smaller than a year earlier and some advance in lamb prices may occur in this period. Prices of lambs ordinarily are fairly stable from August to November, and they have advanced during this period only twice in the post-war years. This year, however, the prospects for relatively small supplies of lambs and other livestock for slaughter along with some further improvement in consumer demand may cause lamb prices to advance contrary to their usual seasonal tendency.

Lamb prices tended to decline in July. The top price of lambs of $9.00 at Chicago in early August was about 50 cents per 100 pounds lower than the top in early July. Most of the decline in prices during July occurred in the second and third weeks of the month, and prices strengthened somewhat in late July and early August. The average price of good and choice lambs at Chicago in July was $7.96 compared with $8.56 in June and $7.32 in the corresponding month last year. Prices of ewes and yearling wethers were about steady during July.

The 1935 lamb crop in the United States was estimated to be about 27,630,000 head, the smallest crop since 1929. It was 7 percent or 2,030,000 head smaller than the 1934 crop and 4,600,000 head smaller than the record crop of 1931. The decrease in the total crop compared with 1934 was entirely in the Western Sheep States, since the native lamb crop of 1935 was somewhat larger than that of 1934. The lamb crop in the Western States in 1935 was 11 percent smaller than the 1934 crop and was the smallest since 1927. The decreases from last year were relatively the largest in the late lamb states, and all of the decrease from last year was in late lambs (lambs dropped after March 15). Feed conditions in the late-lambing Western States have been much better this year than last, and lambs yet to be marketed from these states are expected to be heavier and of better grade than average. The proportion of the market supplies of lambs from the Western States in slaughter condition will be much larger this fall than last.

Inspected slaughter of sheep and lambs in July totaling 1,546,000 head was 19 percent larger than in July last year and was the largest for the month on record. For the first 3 months of the new lamb crop marketing year, May to July 1935, inspected slaughter was nearly 20 percent greater than in the corresponding 3 months last year. Chiefly because there was large decreases in the late lamb crop and little change in the early lamb crop, slaughter of lambs in the May to July period this year was larger in relation to the total lamb crop than for many years. In view of this large early market movement of new crop lambs and the decrease in the total crop, slaughter supplies of lambs during the fall months are likely to be smaller than a year earlier, and supplies for the remainder of the marketing year, up to May 1, 1936, probably will be smaller than for several years.

WOOL

Wool prices in the United States are likely to be well maintained during the remainder of the present year. Production of wool in this country in 1935 was smaller than in the previous year and some decrease is expected in foreign wool production. Stocks of wool in all positions in the United States at the beginning of July this year were smaller than a year earlier. Domestic and foreign demand conditions for wool are somewhat more favorable than a year ago. Although domestic mill consumption in the last half of 1935 is not likely to equal the unusually large consumption of the first half of this year it probably will be considerably larger than a year earlier.

Wool prices remained generally firm in the domestic market during July although trading was very moderate compared with the heavy sales of May and June. Quotations for fine (64s, 70s, 80s) strictly combing territory wools at Boston averaged 75.5 cents a pound scoured basis, for the week ended August 10, compared with 74 cents for the week ended July 13. Territory 56s

were 61 cents a pound, scoured basis, for the week ended August 10 and 62.5 cents for the week ended July 13. The United States average farm price of wool as of July 15 was 20.5 cents a pound compared with 19.8 cents for June 15 and 21.4 cents in July 1934.

Prices in British currency at the London wool auctions held from July 9 to 25 were mostly 5 to 10 percent higher than at the close of the previous series on May 23. During the series, prices for merino wools declined slightly whereas prices of crossbreds were firm to slightly higher. Quotations for average 70s were 52.7 cents a pound clean content in United States currency at the current rate of exchange when the series closed on July 25 compared with 53.7 cents in the opening week and 48.2 cents at the close of the previous series on May 23. Average 56s were 30.5 cents a pound on July 25 compared with 29.9 cents at the opening of the series and 29.7 cents in May. The new selling season in Australia will open at Sydney on September 2.

Mill activity in the domestic wool industry in June declined slightly from the record activity reported in May. The weekly average consumption of apparel class wool by United States mills in the 5 weeks ended June 29 was 5,677,000 pounds, scoured basis, compared with 6,361,000 pounds in May. The weekly average of mill consumption from January 1 to June 30, 1935 was 5,392,000 pounds, scoured basis compared with a yearly weekly average of 4,548,000 pounds for the 10 years 1924 to 1933. For the year 1934 the weekly average consumption was only 3,240,000 pounds. Consumption of wool from January 1 to June 29 of this year was 254,900,000 pounds of shorn wool, greasy shorn basis and about 38,000,000 pounds of pulled wool, greasy pulled basis.

Stocks of apparel class wool in the United States held by dealers and manufacturers, excluding wool held by growers, on June 29, 1935 were reported by the Bureau of the Census to be about 316,000,000 pounds, grease basis. compared with about 397,000,000 pounds reported for June 30, 1934, Stocks held on January 1 and April 1 this year were considerably above average, but because of the increased mill consumption of wool in recent months and the decrease in the new domestic clip, stocks of wool in all positions on July 1, 1935 and to become available from domestic production during the remainder of the year were estimated to be about 10 percent smaller than a year earlier and probably smaller than average.

United States imports for consumption of combing and clothing wool in the first half of 1935 were 9,626,000 pounds compared with 15,147,000 pounds in the first half of 1934. In view of the smaller supplies of wool, including production and carry-over for the present wool crop year (beginning April 1, 1935) and the large domestic consumption from April to June 1935 increased imports will be necessary before the end of the crop year if consumption of wool by domestic mills during the remainder of the crop year is to be maintained at a level substantially higher than a year earlier.

Production of wool shorn or to be shorn in the United States in 1935 is estimated at 344,000,000 pounds which is a decrease of about 4 percent from the shorn-wool production last year and from the 5-year 1930-1934 average. The decrease in production this year occurred almost entirely in the Western States and Texas since there was little change in production in the native sheep states. Because of greater shrinkage of wool this year the decrease from last year in scoured wool produced probably will be relatively greater than that reported in shorn wool production on a grease basis.

Preliminary indications of wool production in several of the principal producing countries point to a total world wool production in 1935 slightly smaller than in 1934 and smaller than the 5-year 1930-1934 average. Stocks of wool held at markets in Southern Hemisphere countries at the end of the 1934-35 season in early July were much smaller than the very large supplies a few months earlier bu they were somewhat larger than a year earlier. The stocks on hand at the beginning of July were mostly crossbred wools in New Zealand and Argentina.

COTTON

Domestic cotton consumption in July was higher than a year earlier, but considerably below average. Total domestic consumption for the 1934-35 season was less than in the previous season. A decline of about 2-1/3 million bales in the world consumption of American cotton for the season just ended was practically offset by the increase in mill consumption of foreign cotton. Exports of American cotton for the 1934-35 season were 38 percent lower than in the previous season and about 40 percent below average. Present reports indicate that the world supply of American cotton for the 1935-36 season will be slightly larger than for the previous season. Although it is expected that the 1935-36 production in foreign countries will be larger than in the previous season, the supply of foreign cotton is not likely to be much, if any, larger than in 1934-35 and may even be smaller since the carry-over is about 1,000,000 bales less than a year ago.

During July the average price of Middling 7/8" cotton in the 10 designated markets, ranged between 12 and 12-1/2 cents per pound except on the 23rd, when the price declined to 11.92 cents. The average price for the month of July was 12.22 cents compared with 11.97 in June and 12.58 in July last year. The average price of Middling 7/8" on the 10 markets for the 1934-35 season was 12.36 compared with 10.81 in 1933-34 and was the highest since 1929-30. During the first part of August favorable weather conditions in the United States and continued low demand for American cotton resulted in the average price in the 10 markets declining to about 11-1/4 cents, but on August 14 advanced to 11.43 cents.

Domestic cotton consumption in July amounted to about 390,000 running bales according to the New York Cotton Exchange Service. This was about 8 percent larger than consumption in July 1934, but 15 percent below the 10-year July average. Total domestic consumption for the season just ended amounted to approximately 5,340,000 bales compared with 5,700,000 bales in 1933-34. Of the total consumption of all kinds during the 1934-35 season about 120,000 bales were of foreign growths. Trade reports indicate that despite the low level of output, domestic cotton manufacturers probably sold less than they produced during July with buyers of goodshesitating to make purchases because of the uncertainty with respect to processing taxes and the loan policy on the new crop.

Total exports of American cotton in July amounted to something like 250,000 running bales, according to trade reports, compared with 306,000 bales in July last year. Exports for the entire 1934-35 season amounted to only 4,770,000 bales, a decline of 2,765,000 bales compared with 1933-34. The greatest decline in exports during the past season occurred in exports to Germany where the total for the 12 months ended July 31, 1935 were only about

one fourth as large as a year earlier. Exports to the United Kingdom were only about 58 percent as large as in 1933-34 and exports to France and Italy were about 50 and 72 percent respectively as large. Shipments to all other important countries were also lower than during 1933-34.

The New York Cotton Exchange Service estimates that the 1934-35 world consumption of American cotton amounted to 11,300,000 bales which is 2,366,000 bales less than their estimate of consumption in the previous season. These estimates together with the official estimates of domestic consumption indicate that consumption of American cotton in foreign countries during the season amounted to about 6,100,000 bales compared with 8,100,000 in 1933-34. This is a much smaller decline than in exports and indicates a substantial reduction in stocks of American cotton in foreign countries. Mill consumption of foreign cotton in 1934-35 has been estimated by the New York Cotton Exchange Service at 14,150,000 bales compared with 11,792,000 bales the season before. The past season and the 1930-31 season are perhaps the only 2 years for many decades in which mill consumption of foreign cotton exceeded that of American. During the 10 years ended 1932-33 world mill consumption of American cotton averaged about 3,000,000 bales larger than world mill consumption of foreign growths.

The 1935 domestic crop is now estimated at 11,798,000 bales compared with 9,636,000 bales produced in 1934. This crop together with a carry-over of about 9,000,000 bales indicates that the world supply of American cotton in 1935-36 will be around 20,750,000 bales compared with about 20-1/3 million bales in the previous season and an average supply for the 10 years ended 1932-33 of about 20,400,000 bales. With the world carry-over of foreign cotton something like 1,000,000 bales smaller than at the beginning of last season foreign cotton production could show a material increase over last season without resulting in any increase over a year ago in the season's supply of foreign cotton.

Business Statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/ (1910-1914 = 100)	Commodity prices: Foreign 5/	Commodity prices: Foreign 5/: In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100					1926 = 100			
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
June	83	65	81	86	109	75	68	.88	97
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.83	100
Apr.	86	71	82	111	117	80	69	.81	106
May	85	68	81	108	117	80	70	.81	114
June	86	66	80	104	116				117
July				102	116				123

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - - - - - 0 - - - - - - - -

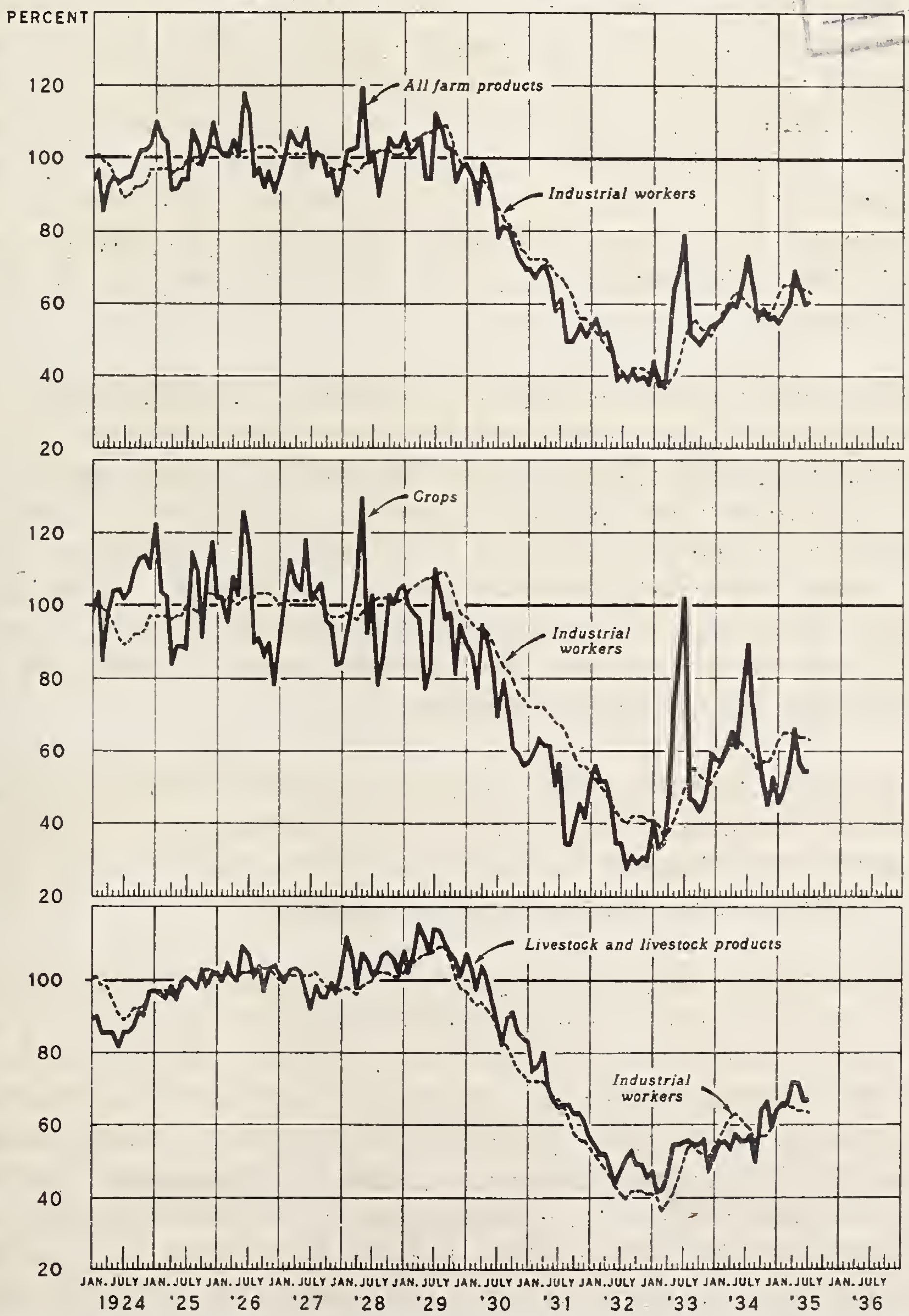
The PRICE SITUATION

SEPTEMBER 1935

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON

CASH INCOME FROM FARM PRODUCTS AND INCOME OF INDUSTRIAL WORKERS, 1924 TO DATE

INDEX NUMBERS(1924-1929=100) ADJUSTED FOR SEASONAL VARIATION



Income from livestock and livestock products (lower section) is more evenly distributed during the year and relatively better since 1929 than that from crops (middle section). Combined they follow the incomes of industrial workers fairly closely (top section).

FARM PRICES

The general level of prices received by farmers appears to be somewhat higher than in mid-August, when it was 106 percent of the pre-war average. Prices of wheat, dairy products, eggs, and some meat animals have advanced since a month ago whereas prices of cotton and a few other products have declined. The index of prices paid by farmers has been practically unchanged for the last year at from 126 to 127 percent of the 1910-1914 average.

Prices of most classes of wheat in the United States will be above an export basis during most if not all of the 1935-36 season and some imports of hard red spring wheat are anticipated. With the approaching corn harvest and increased supplies of small grains, cash prices of these products have weakened recently. The prospective crops of feed grains were reduced slightly in August, whereas the hay crop improved, with but little net change in the national feed supply during August. Feed supplies as a whole are expected to be sufficient for normal feeding of the reduced numbers of livestock this year and to leave about a normal carry-over at the beginning of the 1936 crop year, in contrast to the small carry-over into the 1935 season.

The advance in cattle prices in August is expected to be maintained during the remainder of the year and further advances are not unlikely. The August advance in lamb prices was contrary to the usual seasonal trend, and no material advance from present levels is expected in the next few months. Although hog prices usually decline considerably during the last quarter of the year, the decline this year is likely to be less and of shorter duration than usual in view of the small supplies in prospect. A seasonal increase in prices of butter and eggs is now under way and is expected to continue for about 3 months.

With a larger cotton crop, improved demand conditions, and lower prices of American cotton relative to some foreign growths, an increase in exports of American cotton is expected this year. Steady to higher prices of wool in domestic markets are in prospect.

The Agricultural Adjustment Act, as amended in August 1935, provides that the fair exchange value (parity-prices) "in the case of all commodities for which the base period is the pre-war period, August 1909 - July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period." The combined index of prices paid for commodities, interest and taxes payable per acre of farm real estate for August is estimated at 129 percent of its pre-war level, whereas the index of prices paid alone is 126 1/.

Cash income from the sale of farm products in July is estimated at $451,000,000 compared with $438,000,000 in June and $502,000,000 in July 1934. The increase in income from June to July this year was just

---

1/ A special report on Index Numbers of Prices, Taxes and Interest Payable by Farmers may be obtained from the Bureau of Agricultural Economics upon request.

slightly greater than usual. The total cash income of farmers including rental and benefit payments in July was $471,000,000 compared with $468,000,000 in June and $532,000,000 in July 1934. For the first 7 months of 1935, farmers' total cash income from farm marketings and from rental and benefit payments is estimated at $3,427,000,000 compared with $3,147,000,000 a year earlier.

WHOLESALE PRICES

Wholesale prices in the United States advanced over 2 percent from the recent low point in late June to 118 percent of the 1910-1914 average in the fourth week of August; the highest level in nearly 5 years. Most of this increase was due to an advance of about 5 percent for farm products and foods. Wholesale food prices in late August and early September showed a slight reaction from the steady advance of the past 2 months, a reaction due principally to the decline in meat and cereal prices.

Prices of nonagricultural products in August continued the advance which began in the first week of July. This was followed by a little decline in early September because of the drop in prices of fuel and lighting materials and miscellaneous commodities. Prices of hides and leather, textiles, and building materials continue to increase.

Wholesale prices in England, Germany and France advanced a little in August. Despite the recent upturn in France, prices there are but slightly above the post-war low point. The movement to raise agricultural prices in France has recently been stimulated by the agreement of the Bank of France to help the agricultural credit cooperatives by financing the wheat crop. In Italy, wholesale prices advanced for the 13th consecutive month, with a total increase of 20 percent from the low point in July 1934. Wholesale prices in Canada and Japan were unchanged from June to July.

Wholesale prices in the currencies of the seven countries which take the majority of our agricultural exports have been practically unchanged for over 2 years at about 69 percent of the 1926 average.

BUSINESS CONDITIONS

Industrial activity in August, according to preliminary figures, made more than the usual seasonal advance and prospects are for a considerable further improvement in the next few months. Preliminary reports indicate a substantial and widespread increase in employment and factory payrolls in August. Steel operations after a sharp increase over the July level have been well maintained at a much higher level than a year ago. Seasonal increases in marketings of farm products have been reflected in higher freight car loadings. Automobile output and sales have been a bright spot in the general business situation, despite a marked drop in production in August reflecting the preparation by manufacturers to introduce new models about 2 months earlier than usual this year. The output of rayon yarn and some of the cotton textiles has increased. Sales of cotton cloth by manufacturers exceeded production in August. The output of bituminous coal also increased, whereas the output of crude petroleum declined some-

what and output of anthracite coal continued to decline to the lowest levels of the year.

Retail business continues well above the level of a year ago. Advance buying in many wholesale markets has been the best in 5 years, except for the speculative movement in 1933. Prices of manufactured goods have been steady to firm, although scattered price and wage cutting along with increased hours have been reported by the National Recovery Administration.

Building activity, especially in the privately financed field, has continued its encouraging advance since December. According to the F. W. Dodge Corporation, construction in August was at the highest level for 1935 and contracts awarded were the fourth highest for any month since October 1931. Farm machinery business is good. Continuation of the outstanding improvement in the machine tools industry has interesting implications in connection with the outlook for employment and the relative demand for labor and machinery.

Member bank reserves are at record high levels and money rates at record low levels. Security prices receded somewhat in late August after advancing for 5 months, followed by another advance in early September.

Business conditions in foreign countries show mixed trends. In the United Kingdom there has been little evidence of the normal summer decline and indications point to further improvement during the coming months. Employment, especially in the heavy industries, has increased contrary to the usual seasonal trend. Business conditions in the British Dominions, the Scandinavian countries, and Argentina are considerably better than a year ago. In Germany, the output of production goods has been increasing whereas the production of consumers' goods has declined to well below the level of a year earlier. No improvement is apparent in the gold-bloc countries of France, Holland, and Switzerland.

WHEAT

Wheat prices in the United States in general will remain above an export basis during most, if not all, of the 1935-36 season, with prices of Hard Red Spring wheat holding near an import basis. The millable supply of Hard Red Spring wheat is less than that needed for domestic requirements, and supplies of the other hard wheats are not large enough to make up the shortage. Had the large surplus indicated last July materialized, thereby placing the United States on an export basis, prices in the United States would be materially lower.

The great reduction in Hard Red Spring wheat prospects during the past two months was due largely to black stem rust, which has not only reduced the quantity but also caused a considerable amount of the wheat to be low in test weight. Just how much of this light wheat will finally be used by millers is highly problematical. If only a relatively small amount is used, it is altogether possible that imports of hard wheat might be in the vicinity of 35,000,000 bushels, which would be about 6 percent of our normal total wheat utilization. If, on the other hand, a considerable quantity of this low test weight wheat is used by millers, imports would likely be proportionately less.

The production of all spring wheat in the United States in 1935, as indicated by September 1 condition, is 162,906,000 bushels, a decline of 13,063,000 bushels during the past month. Most of the decrease occurred in North Dakota where the damage to Hard Red Spring wheat from the rust proved to be even greater than was expected a month earlier. Adding the current estimate of spring wheat production to the August 1 preliminary estimate of winter wheat production, indicates a total wheat crop of 594,615,000 bushels compared with a crop of 496,929,000 bushels in 1934 and the 5-year (1928-1932) average of 860,570,000 bushels.

The average farm price of wheat in the United States rose from 76.4 cents on July 15 to 81.5 cents on August 15. This rise was due largely to the rust and intense heat which reduced the wheat crop prospects about 125,000,000 bushels in 1 month. The September 15 farm price is expected to be somewhat higher than that for August 15. Market prices averaged generally lower for the week ended August 17 than for that of August 10. However, since that time, except for Durum and white wheats, prices have been higher. Thus No. 2 Hard Winter at Kansas City rose from 102 cents for the week ended August 17 to 112 for the week ended September 7; No. 1 Dark Northern Spring at Minneapolis rose from 123 to 129 cents, and No. 2 Red Winter at St. Louis rose from 91 to 93 cents. The rise in price of these types was due primarily to prospects that millable supplies of hard wheats would be less than domestic requirements. Prices of No. 2 Hard Amber Durum at Minneapolis rose from 117 cents for the week ended August 10 to an average of 118 cents for the next 2 weeks but then declined to 108 cents for the week ended September 7, owing to a decreased demand. Western White at Seattle declined from 76 cents for the week ended August 10 to 74 cents for the last week in August. In mid-August, September futures at Chicago were about 11 cents over October futures at Liverpool. This spread has recently become very narrow, because of the availability of Red Winter wheat which is deliverable on contracts in the Chicago market and because of hedging pressure. The spread between September futures at Kansas City and October futures at Liverpool, on the other hand, is only slightly smaller than in mid-August.

The total world production of wheat outside of Russia and China is now estimated at 3,438,000,000 bushels which is 24,000,000 bushels less than that of 1934-35. The estimate for last year's production was 3,462,000,000 bushels and that for the 5-year (1930-31 to 1934-35) average 3,762,000,000 bushels. The first official estimate for Canada is 290,541,000 bushels. This is only slightly lower than the 295,000,000 bushel estimate made in August by the United States Bureau of Agricultural Economics. The 1935 European production is estimated at 1,554,000,000 bushels compared with 1,538,000,000 bushels in 1934. This is 28,000,000 bushels less than a month ago, owing principally to downward revisions for France and the Danube Basin countries. Estimates for the North African countries remain unchanged. The production for Argentina and Australia is now estimated by the Bureau at about 115,000,000 bushels each. This is materially lower than the combined production of 372,748,000 bushels last year and 429,442,000 for the 5-year 1930-31 to 1934-35 average. The decrease in production prospects of about 24,000,000 bushels, together with the estimated 300,000,000 bushel reduction in carry-over stocks which was announced in July, indicate a net reduction in total supplies outside of Russia and China of about 324,000,000 bushels.

World wheat prices in 1935-36 may be largely influenced by Canadian prices, which are relatively high. Current stocks plus amounts available for export out of the new crop in Canada indicate a surplus for export and/or carry-over of about 375,000,000 bushels. Argentina and Australia together have only about 90,000,000 bushels of old crop wheat at present and prospects of possibly only about 80,000,000 bushels for export out of their new crop. Added to this, the Danube countries have about 40,000,000 bushels available for export, Shipments, however, of as much as 50,000,000 bushels might develop this year from Russia, which would tend to offset Canada's dominance to some extent. According to unofficial but well regarded information recently received by the Bureau, the crop in the Soviet Union is estimated around 100,000,000 bushels larger than last year, with the increase largely in the export regions of the Black Sea.

CORN AND OTHER FEED GRAINS

The approaching corn harvest and the increased supply of small feed grains weakened feed grain prices during August and the first week of September. Oats prices may be affected somewhat by the prospective weakness in corn, although they have been largely adjusted to a new crop basis. Crop prospects of corn and grain sorghums were reduced slightly during August, but oats and barley were approximately unchanged. Hay improved. Thus, the net change in the national feed supply from a month ago was not significant. Imports of corn during August continued unusually heavy, but a sharp decrease in the nearby months is anticipated, particularly when new corn becomes generally available.

Corn and oats prices declined during August and the first week of September. All classes and grades of corn at five important markets averaged 76.3 cents for the week ended September 7 compared with 82.8 cents per bushel in the first week of August . No. 3 Yellow at Chicago declined from 84.2 cents for the week ended August 10 to 77.1 cents for the week ended September 7. Some indication of the extent of the general shift of corn prices to a new crop basis is evident in Texas. The July 15 farm price for that State was 80 cents; the August 15 figure, 59 cents. No. 3 White oats at Chicago receded from 31.6 cents in the week ended August 10 to 27.7 cents in the week ended September 7. In sharp contrast, No. 2 barley at Minneapolis advanced in this period from 50.0 cents to 64.1 cents per bushel, representing a partial recovery from the recent sharp decline. All types of barley were relatively weaker on the Pacific Coast than in the Middlewest.

August was warm and rather dry over most of the country, particularly in the Great Plains area and adjacent sections, and as a result corn and grain sorghum crops deteriorated. Corn prospects were reduced during August in Nebraska, Kansas, South Dakota, but were improved in the northern Corn Belt States. The indicated 1935 corn crop, September 1, was 2,184,000,000 bushels compared with 2,272,000,000 bushels on August 1, 1,377,000,000 bushels produced in 1934 and the 5-year (1928-1932) average production of 2,562,000,000 bushels. Grain sorghums prospects suffered from the hot dry weather in Texas, Oklahoma, and Kansas, and the indicated production, September 1, was reduced to 125,000,000 bushels compared with 35,000,000 bushels in 1934 and 94,000,000 bushels, the average production in the period,

1928-1932. Production of sorghum hay and forage may be much larger than average owing to material increase in acreage. Threshing returns and late growing conditions of oats and barley did not materially alter the August 1 estimates. Production of oats was placed at 1,182,000,000 bushels compared with 526,000,000 bushels harvested in 1934 and the average production of 1,218,000,000 bushels. The 1935 barley outturn was 283,000,000 bushels against 118,000,000 bushels produced in 1934 and the average of 283,000,000 bushels. Hay improved, particularly wild hay. While pastures deteriorated somewhat, on September 1, they were the best they have been on that date since 1928.

Summarizing the total production of feed grains (corn, oats, barley, and grain sorghums) on September 1, was 90,366,000 tons compared with 50,781,000 tons in 1934 and 100,635,000 tons, the 5-year (1928-1932) average. Livestock and poultry numbers on January 1, 1936 will probably be slightly smaller than the sharply reduced numbers of a year earlier. Barring an early frost, the 1935 production of feed grains may be expected to be sufficient to feed about the usual amount of feed grain per head to the reduced numbers of livestock and poultry and still permit an increase in the feed grain allowance to dairy cows and poultry, and the feeding of hogs to fairly heavy weights. The hog-corn ratio based on Chicago prices for the last week of August was 13.8 compared with 11.7 a month earlier.

The short remaining supplies of old-crop corn have caused an increased demand for new-crop small grains. Oats receipts at 13 primary markets in August totaled 30,274,000 bushels compared with only 7,259,000 bushels in that month last year, and 23,130,000 bushels, the 5-year August (1929-1933) average. In contrast, the total 1934-35 receipts of oats at these markets totaled only 39,927,000 bushels. Commercial stocks of oats at 41 markets increased sharply from 7,200,000 bushels on July 27 to 30,600,000 bushels on September 10. Barley receipts at four central western markets in August increased sharply to 7,600,000 bushels. A continuation of the widespread feeding of small grains is expected to continue until new corn is available in larger quantities. With a relatively greater proportion of this year's wheat crop of low quality, heavy feeding of wheat is expected from July through November. Based on farm prices of corn and wheat, August 15, 1935, wheat was cheaper than corn in 25 States.

Unusually heavy imports of corn continue to supplement the small old-crop stocks. Arrivals of foreign corn at Atlantic and Pacific ports during the period, August 1 to September 5, totaled 7,496,000 compared with 5,649,000 bushels imported in July and 6,122,000 bushels in June. Imports of corn, November 1934 - July 1935, together with above arrivals for August amount to 32,407,000 bushels, a record quantity for this period in recent years compared with 416,000 bushels imported in the same period of 1933-34. Arrivals of oats in August were negligible, but on the average about 100,000 bushels of feed wheat were brought in each week. The peak of importation has probably passed, and imports of corn may recede sharply in the next several months.

Present indications point towards larger supplies of by-product feeds for the 1935-36 season. The indicated cotton crop suggests an increase of about 12 percent in the production of cottonseed cake and meal.

The August 1 mill carry-over of cottonseed meal and cottonseed in terms of meal was 242,000 tons or practically the same as a year earlier. The larger 1935 corn crop may give a larger volume of corn by-products. The flaxseed crop is estimated to be about three times as large as last year, which will provide a much larger supply of linseed meal for domestic utilization.

RICE

Supplies of rice in the United States for the 1935-36 season are expected to be slightly smaller than for 1934-35 as a result of an unusually small carry-over in the Southern States and a reduced crop in California. Harvesting of the new southern crop has been delayed by unfavorable weather. Early varieties are reported of low quality. Interest in late southern and California rice may increase as larger supplies become available. Probabilities favor steady to slightly lower prices rather than higher quotations, with prices in California relatively firmer than those in the South.

Southern: Prospective supplies of southern rough rice for the 1935-36 season are slightly larger than those for 1934-35, despite the smallest rough rice carry-over in recent years. Stocks of old-crop rough rice on farms and in country warehouses, August 1, the beginning of the new season, aggregated not quite 40,000 barrels. The indicated production for the Southern States, September 1, make a total supply of 9,214,000 barrels excluding mill stocks of rough rice. An allowance of 633,000 barrels for seed requirements, feed, and local use by huller mills, leaves a commercial supply outside of mills available for milling and carry-over of 8,581,000 barrels. Millings of rough rice by southern mills in 1934-35 amounted to 7,951,000 barrels. Mill stocks of rough rice on August 1 amounted to only 51,000 barrels compared with 267,000 barrels a year earlier. This reduction in mill stocks of rough rice offsets in a large part, the increase in the commercial supply of rough rice outside of mills, so that the quantity of rough rice actually available this season may be only slightly larger than that for the 1934-35 season.

Receipts of rough rice at mills during August amounted to 272,000 barrels compared with 244,000 barrels in August 1934. Rains delayed harvesting and threshing, and resulted in a lowering of the quality of early varieties. Much of the early threshed rice has been moving directly to mills. Mill stocks of rough rice on September 1 were 105,000 barrels.

Southern milled rice shipments were seasonally small in August and totaled only 33,000,000 pounds compared with 55,500,000 pounds in August 1934. The decrease was due primarily to reduced purchases by the domestic trade.

Prices of southern rough rice declined slightly during August. Early season sales averaged about $1.71 per barrel, whereas sales during the first week of September averaged about $1.67. Fancy Blue Rose (milled rice) at New Orleans averaged $4.16 per 100 pounds in July, $4.07 in August and on September 10, was quoted at $4.05 to $4.25.

California : The indicated production of rough rice in California is 2,563,000 bags (100 pounds each) compared with 3,449,000 bags produced in 1934 and 3,387,000 bags, the 5-year (1928-1932) average. Practically all old-crop rice is out of first hands, and mill stocks of rough rice consist largely of over-quota rice. Harvesting of the new crop will probably begin shortly after September 15. Prices of California rough and milled rice held unchanged during August and the first week in September. The relative strength of rice prices in California may further restrict exports and reduce shipments of "Japan" rice to Puerto Rico where it competes with southern rice.

POTATOES

Potato prices advanced materially during late August and early September, as the intermediate crop and home-grown supplies began to clean up and shipments of late potatoes were still relatively light. Crop prospects were reduced considerably in the Eastern States by unfavorable weather, and the total potato crop showed slightly more than a 1 percent decline during August. If present crop prospects materialize and present demand conditions prevail, the crop year price for the total United States potato crop may be expected to average about 55-60 cents per bushel this season, compared with 47 cents for the 1934 crop, 82 cents for the 1933 crop, and 89.6 cents, the present parity price for potatoes, as determined under the Potato Sales Act of 1935.

During the first week of September, New Jersey shipped only 300 cars by rail, compared with nearly 900 for the same period last season, and Virginia's weekly output recently was only 70 cars. The movement from the late-potato States gradually increased to 1,730 cars in the opening week of September, but was lighter than shipments for the same time a year ago. By September 7, only 19,415 cars had been shipped by rail and boat from the Intermediate States, or about 3,000 less than last season at that time. The movement from the surplus-producing late States totaled 7,750 cars by September 7, against 11,475 a year ago. All of the late shipping States are running behind last season's record to date, except Pennsylvania, Michigan, Minnesota and California.

Ample rains during July caused a heavy vine growth in the important Eastern States, and the dry hot weather of August resulted in a rapid deterioration of the vines, so that the three Eastern surplus States, now expect only 85,000,000 bushels of potatoes, compared with 91,000,000 indicated on August 1 and 122,000,000 bushels produced in 1934. Prospects in the five Central surplus States increased 4,000,000 bushels during August to about 101,000,000 bushels, or 5,000,000 more than last season. A slight decline occurred in the 10 Western States as a group, and they now report 72,000,000 bushels, but the crop is still 18,000,000 bushels more than these States had last year. The 12 other late-potato States showed only slight reductions in prospects during August to about 42,000,000 bushels, compared with 40,000,000 in 1934. The total United States potato crop is now estimated at 373,000,000 bushels, which is 3 percent less than last year's harvested crop but 3 percent greater than the average production for 1928-1932.

The Chicago car-lot market recently quoted northern Round Whites at 80-95 cents per 100-pound sack, compared with $1.35 a year ago when supplies were somewhat lighter. Western Triumphs and Idaho Russet Burbanks together strengthened during early September to $1.60 - $1.75, but were still 12 cents per 100 pounds lower than in September 1934. Eastern potatoes had advanced to 90 cents - $1.15 per 100-pound sack on the New York l.c.l. market, about 20 cents above the early August price and 7 cents above the level of a year ago. The decreasing supplies of, and stronger demand for New Jersey potatoes pushed up the f.o.b. price of Cobblers in that State to $1.00 per 100 pounds, compared with 70 cents a month earlier and 85 cents in September 1934. Round Whites at Waupaca, Wisconsin, were recently returning 70 cents per 100-pound sack to shippers. The opening price in Wisconsin on September 13 last season ranged from 95 cents to $1.00.

The average farm price in the United States as a whole declined slightly to 50.3 cents per bushel by August 15, as against 68 cents a year ago and 84 cents per bushel, the August average for 1909-1913. Average prices to farmers in August 1935 ranged from 20 cents per bushel in Maine to $1.05 in Florida.

TOBACCO

Prices for the 1935 crop of flue-cured tobacco have declined somewhat since the markets opened on August 1 and prices for the season to date indicate that the average for the entire crop may be about 22 cents. The South Carolina and Border Belt (type 13) markets and the Eastern North Carolina (type 12) markets opened at prices below those for the first week on Georgia Florida Belt (type 14) markets, whereas opening prices in these Belts are usually higher than in Type 14.

Producers' sales on all markets during the month of August totaled approximately 162,000,000 pounds and averaged 20.4 cents per pound. This is below the average of 23.1 cents per pound for August 1934, but substantially above the average of 11.9 cents per pound for sales during August 1933 and the 1928-1932 August average of 12.1 cents per pound. The quality of Type 14 was reported to be exceptionally desirable, and the price was slightly above that of last year, whereas prices for other types were below last year's August average.

The total 1935-36 supply of flue-cured tobacco in the United States, currently indicated at 1,502,000,000 pounds, is 176,000,000 pounds or 13 percent larger than supplies last year. This supply is exceeded only by the record 1930 supply. However, it is not greatly out of line with world needs for consumption when low foreign stocks are taken into consideration. Stocks in the United States on July 1, which amounted to 758,000,000 pounds, farm weight, were approximately 1.5 percent smaller than July 1, 1934 stocks. The crop, estimated on September 1 at 743,700,000 pounds, is materially larger than domestic disappearance during the past year. The reported yields are highest of record, owing to particularly favorable weather conditions. Approximately 97 percent of the crop is under contracts with the Agricultural Adjustment Administration, but the reduction from the base acreage was less than 15 percent in 1935, compared with nearly a 30 percent reduction in 1934. Furthermore, provisions of the production adjustment contract will permit the sale of virtually the entire crop.

United States consumption of flue-cured tobacco in 1934-35 was approximately 8 percent higher than in 1933-34. About 75 percent of the flue-cured tobacco is consumed in cigarettes, 20 percent in smoking mixtures (largely granulated and cigarette rolling), and nearly 5 percent in chewing tobacco. Consumption of cigarettes for the 12 months ended June 30, 1935, amounting to 128,500,000,000, was more than 10 percent above consumption during the previous 12-month period and materially above any other 12-month period of record. Consumption of other products in which flue-cured tobacco is used declined slightly.

Consumption of flue-cured tobacco in the United Kingdom was at a record level last year. However, declines in other countries, particularly China, are estimated to have offset part of this increase. Exports of flue-cured tobacco for the 12 months ended June 30, 1935 totaled 280,600,000 pounds, farm weight. This is more than 25 percent below exports for the previous 12-month period and lower than exports of flue-cured tobacco for any similar period since 1924-25. It is reported that foreign stocks have been reduced materially during the past year owing to the fact that consumption abroad exceeded exports and are now substantially below the level consistent with the present rate of use. The need for flue-cured tobacco by foreign manufacturers is further illustrated by the activity in the market to date noted on the part of export buyers; companies that sell to other countries as well as to the United Kingdom showing marked activity.

HOGS

The summer seasonal rise in hog prices which began in early July continued without interruption until the third week in August, after which prices reacted for 2 weeks. The 7-week advance amounted to about $2.50 per 100 pounds, but approximately 80 cents of this was lost in the decline which followed. Increased marketings of new-crop hogs and greater difficulty in moving hog products into consumption at the higher price levels accounted largely for the late August reactions. Improved demand, as a result of lower temperatures, and curtailment in marketings caused prices to resume their rise during the first half of September and most of the previous decline was quickly regained. Hog prices usually decline during most of the last quarter of the calendar year because of seasonal increase in marketings. Seasonal expansion in supplies this fall may be delayed somewhat, and the winter total is expected to be considerably smaller than that of last winter, hence the price downturn may start later than usual and the winter level of prices will be considerably higher than that of a year earlier.

The rise in hog prices during July and the second half of August carried the Chicago weekly average from $9.84 to $11.23 per 100 pounds. The average then dropped to $10.54 during the last week in August, but was followed by an advance to $10.95 during the first week in September and further advances during the second week. The August average price at Chicago was $10.78 compared with $9.49 in July and $5.89 in August last year. It was the highest price for August since 1928 and the highest for any month since July 1929.

Hog slaughter under Federal inspection in August, totaling 1,668,000 head, was about 3 percent smaller than in July and 37 percent less than that of August 1934. It was the smallest slaughter for August since 1902 and the second smallest for the month since 1896. Average weights which had increased steadily since the beginning of the year, began to decrease after the third week in July. The average of 251 pounds for August, however, was only 3 pounds less than that of the preceding month, and was 10 pounds heavier than the August average of last year. Weights usually reach their peak in late August and then decline seasonally until mid-November. Receipts in recent weeks have included a considerable proportion of new-crop hogs which apparently were sent to market because of feed grain shortage or because of the relatively high prices obtainable. Most of these light-weight hogs have sold at considerable discount under prices paid for heavier weights.

Corn prices declined seasonally during late August, and in early September when hog prices were advancing, consequently the hog-corn price ratio made further improvement. In early September it was 14.2, based on Chicago prices, compared with 12.1 a month earlier and 9.0 a year earlier.

Prices of fresh pork fluctuated sharply during August and early September. Advances during the first half of August were followed by declines in the second half, but these declines were regained in later advances. The general level of fresh pork prices in recent weeks has been the highest since the summer of 1930. Prices of cured pork also advanced sharply during the first half of August and then continued relatively unchanged at their peak levels for the year during the remainder of that month and the first part of September. Recent prices of cured pork are the highest since the summer of 1929 for some cuts and since 1926 for others. The composite wholesale price of all hog products at New York was $25.77 per 100 pounds in August compared with $22.69 in July and $16.62 in August last year. The index of retail prices of hog products in New York on August 30 was 104.1 compared with 94.7 on July 30, and 69.4 on August 30, 1934 (1924-1928 = 100).

Hog products in storage were reduced further during August, following unusually large reductions during the previous 3 months. Stocks of lard were reduced about 15,000,000 pounds and those of pork 45,000,000 pounds. The decreases, however, were not as great as in August last year or in July of this year. Total pork stocks reported as of September 1, amounted to 325,000,000 pounds, which is the smallest quantity reported for any month since the present storage reports were inaugurated in 1916. The decrease from a year earlier amounted to 40 percent and from the 5-year average for September 1 it was 46 percent. Lard stocks, totaling 54,000,000 pounds on September 1, were the smallest of record for that date and were 68 percent less than those of a year earlier and 60 percent less than the 5-year average for September 1.

Pork exports in July were slightly larger than in June, but were only about one half as large as in July of the previous year. Lard exports were somewhat smaller than in the previous month and the total of less than 5,000,000 pounds was only about one sixth as large as in July of last year and was probably the smallest on record for any month. Exports of both pork and lard continued at a very low rate during August.

On the basis of indications as to the size and distribution of the 1935 spring pig crop, slaughter of hogs under Federal inspection during the 7 months ending April 30, 1936, probably will total about 16,000,000 head compared with 21,843,000 slaughtered in the corresponding period of 1934-35 and a 5-year average for the period of 28,704,000. There are some indications that the slaughter distribution during the forthcoming period may be somewhat like that in 1910-11 when slaughter during the 3 months, October - December, was slightly more than 39 percent of the 7-month total. Last winter, slaughter during the October-December period amounted to slightly more than 55 percent of the 7-month total. A winter distribution like that of 1910-11 would mean an unusually small proportion of marketings for these months coming in October and November and a relatively large proportion in February, March, and April, with a lower level of prices in the spring than in the fall.

CATTLE

Cattle prices, after declining rather steadily from the first of May to the end of July, tended to strengthen during August. The low point in prices for the second half of this year apparently was reached the last week in July and the gains made in August are expected to be maintained during the remainder of the year and further advances are not unlikely.

The average price of choice steers the last week in July went below $11.00 for the first time since the end of January, but by the end of August was back to $12.00. Good steers made a somewhat similar advance and the lower grade steers made some advance, but less marked than with the better grades. The advance in the better grades was to a considerable extent seasonal but on the lower grades was contrary to the usual seasonal trend. Prices of all grades of butcher cattle also improved during August. Prices of veal calves made a sharp advance during August, reaching the highest levels of the year to date and reflecting the marked improvement in lamb prices during the month. Prices of stocker and feeder steers also advanced during August, contrary to the usual seasonal trend and at the end of the month were at the highest level since the end of May. The monthly average price of beef steers at Chicago for August was $10.27, compared with $9.80 for July and $7.34 for August 1934. The average farm price of beef cattle August 15 was $6.28, compared with $6.20 July 15 and $3.72 August 15, 1934.

Supplies of cattle during August were large. Although receipts at seven leading markets were about 10 percent below the commercial supply in August 1934 and 2½ percent smaller than the 5-year average, inspected slaughter of 875,000 head, was 5 percent larger than the commercial slaughter in August 1934, 17 percent above the 5-year average and second largest for the month on record. Inspected slaughter of calves of 472,000 head was 17 percent above the 5-year average and also the second largest for the month on record. On the other hand, receipts of beef steers at Chicago were much the smallest for the month in the 14 years of record, being 35 percent smaller than in August 1934, which was the second smallest month of record. While the numbers of both choice and good steers were the smallest for the month on record the percentages of the total were about average.

Shipments of stocker and feeder cattle from public stockyards to country points since the first of July have been much smaller than for the corresponding period last year, and below the 5-year average for the period.

General rains over the Corn Belt the latter part of August were quite favorable for fall pastures and supplies of all kinds of rough feed will be large. This situation is expected to result in a sustained demand for cattle for grazing and finishing during the balance of the year. If a considerable part of the corn in the Corn Belt should be soft, which is not unlikely, this might further stimulate the demand for feeder cattle.

With supplies of fed cattle for the next few months small, and a good demand at the markets for unfinished cattle and a good country demand for stock cattle for restocking in states where cattle numbers are sharply reduced, a continuing strong market for all kinds of cattle for the balance of this year seems probable.

POULTRY AND EGGS

Egg prices advanced in August by about the usual seasonal amount. Storage holdings, the chief source of current supplies, are relatively short and with business conditions improving, egg prices during the rest of the year may be expected at least to maintain their present margin over prices of recent years. Owing largely to light receipts, chicken prices did not decline from July to August as they usually do. Although some decline may occur later in the year, it is not likely to be as great as that which usually occurs in the fall and winter.

Market prices of special packed mid-western fresh eggs at New York averaged 30.0 cents per dozen in August, an advance of 2.1 cents from the July average, and 4.8 cents above the August 1934 price. The United States average farm price of eggs advanced 1.0 cent from July 15 to August 15, to 22.7 cents a dozen. The average farm price of chickens was 14.1 cents per pound on August 15, 14.0 cents a month before and 11.4 cents a year before.

Receipts of eggs at the four markets in August were 788,000 cases. Except for 1934 these were the lightest August receipts on record, back to 1919. The 5-year average is 902,000 cases and for August 1934 receipts were 771,000 cases. In view of a larger spring hatch in 1935 than in 1934, more layers per flock may be expected this fall than last fall, but an increase in market receipts from this source is not likely to be noticeable before December.

Receipts of dressed poultry at the four markets in August were 16,500,000 pounds compared with 21,600,000 pounds in August 1934 and a 5-year August average of 22,800,000 pounds. Receipts were the lightest for August since 1922. To some extent this reflects the tendency to build up the flock, reduced by last year's drought, rather than to market pullets ordinarily culled.

Storage stocks of case eggs on September 1 of 7,336,000 cases were very light compared with average September 1 stocks. Stocks a year before were 7,938,000 cases and the 5-year average is 8,447,000 cases. Eggs in storage are now going into consumption. Storage supplies will continue to be a dominant price factor until December or January.

Storage holdings of frozen poultry on September 1 were 34,920,000 pounds, compared with 46,053,000 pounds a year before and a 5-year average

of 41,958,000 pounds. Storage stocks of poultry are now at the low point of the year and will increase steadily until January or February.

BUTTER

Butter prices made more than the usual seasonal increase during the past month. Production is high and storage stocks are larger than a year ago. Total supplies of butter during the coming winter will be decidedly larger than the short supplies of last winter. Business is better than a year ago, and even though butter supplies are larger, a seasonal rise in prices during the remainder of the year is in prospect, and prices during the last 4 months of 1935 may average nearly as high as in 1934. Foreign butter prices are decidedly higher than a year ago, and with heavier domestic supplies in prospect, imports will be relatively small during the winter months.

The price of 92 score butter at New York rose about 2 cents per pound from early August to early September. The average price in August of 25.0 cents was 1.1 cents higher than in July, but 2.4 cents less than a year earlier. The seasonal low point in prices is past and a seasonal rise in prices during the remainder of the year is in prospect.

The farm price of butterfat in mid-August of 22.9 cents per pound was slightly higher than a month earlier and 1.4 cents less than a year earlier. The farm price of butterfat in August was equivalent to the price of 19.4 pounds of feed grains. Butterfat was somewhat higher in relation to feed grains than a year earlier. The price of butterfat in relation to hogs and beef cattle, however, was the lowest for the month in the 26 years of record. In those areas where shifts can be made between dairying and beef cattle and hog production the present price relations are such as to stimulate meat animal production at the expense of butterfat production.

The price of New Zealand butter in London in early September was equivalent to 22.9 cents or 5.4 cents higher than a year earlier. The price of butter in England in relation to other commodities was unusually low in 1934, and a further rise in butter prices in relation to other commodities is probably in prospect. On September 5 the margin between 92 score butter at New York and New Zealand butter in London was 3.3 cents compared with 8.5 cents a year earlier. Imports of butter in July were very small compared with the earlier months of the year, and will probably continue small during the coming winter.

Estimated production of creamery butter in July reached a new high for the month, being 6.5 percent higher than a year earlier, and 10.3 percent above the 5-year average for July. Production in the East North Central and South Central States was about 15 percent larger than in 1934. In the West North Central States, however, the increase was only 3 percent and in the Western and Atlantic Coast States production was less than in July 1934.

Milk production per cow on September 1 was about 8 percent higher than a year earlier and the highest for the month since 1929. With the decline in milk cow numbers total milk production on September 1 was about 4 percent larger than a year earlier. Much better pastures and lower feed

prices, together with some shift toward spring freshening, are probably the principal reasons for the increase in production per cow. In all sections of the country the percentage of cows milked was high.

Trade output of creamery butter in July of 133,000,000 pounds was 2.3 percent less than a year earlier and about the same as the 5-year average. The retail price of butter in July was slightly higher than a year earlier, so that estimated consumer expenditures for butter were about 2 percent less than a year earlier. During the remainder of the year consumer expenditures for butter will probably average higher than in the same period of 1934.

Cold storage holdings of butter of September 1 were 157,000,000 pounds, about 36,000,000 pounds larger than a year earlier, compared with the 5-year September 1 average of 130,000,000 pounds. This increase in stocks of butter, together with the production outlook, indicates a larger supply of butter during the remainder of 1935 than in the same months of 1934.

CHEESE

Cheese prices have increased even though production has increased to a new high. A better consumer demand and the reduction in stocks as compared with 1934, are the principal reasons for the rise in prices. With better business than a year ago and a short supply of many protein foods, the outlook is for higher cheese prices during the remainder of 1935 than in 1934, even though production conditions are more favorable than a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange, rose from 12.7 cents in July to 13.9 cents in August. This was slightly more than the usual seasonal increase. The August price was 1.8 cents higher than a year earlier.

Cheese production in July made a new high for the month, 6.4 percent larger than in 1934 and 20 percent above the 5-year average. The seasonal decline in production from June to July was decidedly less than average and the index of production (adjusted for seasonal variation 1925-1929 = 100) rose from 123 in June to 134 in July.

Trade output of cheese in July of 52,000,000 pounds was a new high for the month, being 6.8 percent larger than in 1934. This increase in apparent consumption occurred even though retail prices were about 5 percent higher than in 1934. These changes indicate that consumer expenditures for cheese were about 13 percent higher than in 1934, and the highest for the month since 1930. Consumer expenditures for cheese during the remainder of the year will probably show an increase over 1934.

Cold storage stocks of American cheese on September 1 were 93,000,000 pounds compared with 104,000,000 pounds a year earlier and the 5-year average of 86,000,000 pounds.

Imports of cheese in July of 2,800,000 pounds were 12 percent less than a year earlier. Total imports for the first 7 months of 1935, however, were 2 percent larger than a year earlier. Thus most of the increase in cheese consumption in 1935 has been in domestic rather than foreign cheese.

LAMBS

Lamb prices advanced sharply in August with the top price for fat lambs at Chicago reaching $10.25 in early September. This price was more than $1.00 per 100 pounds higher than a month earlier, and was about $2.00 higher than a year earlier. The marked rise in prices in recent weeks is abnormal for this season of the year, and it was brought about by the relatively short supplies of all meats, some improvement in consumer demand for meats generally, and by the strengthening of the demand for feeder lambs. Because of the decrease in the late lamb crop, lamb marketings during the remainder of 1935 probably will be materially smaller than those of a year earlier. Lamb prices, therefore, are likely to average considerably higher in the remaining months of 1935 than in 1934, but advances in the next few months from present levels may be small.

Prices of feeder lambs advanced somewhat more in August than did prices of slaughter lambs. In early August lambs for feeding were being contracted for later delivery in the Western States at from $6.00 to $6.50, but by early September contract sales of above $8.00 had been reported. In the first week of September the average price of good and choice feeder lambs at Chicago was $8.73 compared with $5.74 a year earlier. The average price of good and choice slaughter lambs at Chicago for the month of August was $8.68 compared with $7.96 in July and $6.79 in August last year. On August 15 the average price of lambs at local markets was $6.47 compared with $5.02 a year earlier.

Inspected slaughter of sheep and lambs in August, totaling 1,665,000 head, was 8 percent greater than in July and 9 percent larger than in August last year. The increase in inspected slaughter in August compared with a year earlier, however, was considerably less than in the first 3 months of the present marketing year, beginning May 1935. In these 3 months the increases ranged from 13 to 27 percent. The larger slaughter supplies of lambs in the first 4 months of the current marketing year are a reflection of the early market movement of the native lamb crop and the increased production of early lambs in California. With the late lamb crop in 1935 considerably smaller than a year earlier, slaughter supplies of lambs in the remainder of the present year up to May 1, 1936, probably will be materially smaller than a year earlier.

In view of the decrease in the late lamb crop, supplies of lambs available for feeding this winter are materially smaller than last year. Also, the greatly improved range and feed conditions in the Western States will result in an increase in the proportion of lambs in slaughter condition and thereby tend to curtail further supplies of feeder lambs.

It is estimated that marketings of sheep and lambs from the 13 Western Sheep States during the 5 months, August to December, this year will be much smaller, probably 20 percent smaller, than the commercial marketings from these States during the corresponding months of 1934. The

indicated shipments of lambs from the Western States for the fall of 1935 are the smallest since 1927 and are nearly one-third smaller than the record shipments in the fall of 1931.

WOOL

Domestic prices for most grades of wool in August averaged slightly higher than in July, and steady to higher prices in the domestic market during the remainder of 1935 are probable. Consumption of apparel class wool by domestic mills for each month so far reported in 1935 (through July) has been much larger than in the corresponding month in 1934 and with the exception of February consumption has also been above the average for the corresponding month in the 10 years 1924 to 1933. Total consumption for the first 7 months of this year was greater than in the same period of any year since 1923. Trade reports indicate that the domestic industry continued to operate at a high rate in August.

The new selling season in the Southern Hemisphere opened at Sydney, Australia, on September 2. Prices of merino wools were 15 to 20 percent higher than at the close of the previous season at that center on June 13, thus reflecting the increases which have occurred in Northern Hemisphere markets in recent months. Trading was very active at the opening sales. No auctions were held at London in August. The next series in that center will open on September 17.

Early provisional estimates of wool production for 12 countries which furnish a little over 60 percent of the world's clip, exclusive of Russia and China, indicate a decline in production in those countries in 1935 of about 3 percent compared with 1934 and of 8 percent compared with the record clip of 1932. Reductions in Australia and the United States so far appear to offset indicated increases in the Union of South Africa, New Zealand and a few European countries. However, no estimates are as yet available for Argentina and Uruguay, two of the important producing countries in the Southern Hemisphere. A definite break in the drought in Queensland has greatly improved conditions in Australia and the production estimate for that country may be revised upward if the improvement is maintained.

It is now apparent that there will be only small stocks of carry-over wool on hand at the opening of the new selling seasons in Southern Hemisphere countries. The only country with a large carry-over appears to be New Zealand and even there stocks will undoubtedly be considerably reduced before the beginning of the 1935-36 auction season in November.

Quotations for fine (64s, 70s, 80s) strictly combing territory wools at Boston averaged 77.5 cents a pound for the week ended September 7, compared with 75.5 cents for the week ended August 10. The average price for this grade of wool for the month of August was 75.5 cents, compared with 75.3 cents for July. Territory 56s were 63 cents a pound for the week ended September 7, compared with 61 cents a pound for the week ended August 10. The average price for 56s of 62 cents for August, however, was about the same as the July average. The United States average farm price of wool as of August 15 was 20.0 cents a pound compared with 20.5 cents for July 15 and 20.4 cents in August 1934.

Machinery activity declined in the worsted section of the domestic wool manufacturing industry in July, but an increase in activity was reported in the woolen section. The weekly average consumption of apparel class wool by United States mills in the 4 weeks ended July 27 was 5,894,000 pounds, scoured basis, compared with 5,677,000 pounds in June and 2,300,000 pounds in July 1934. The weekly average consumption for the first 7 months of 1935 was 5,449,000 pounds scoured basis, compared with a weekly average of 4,543,000 pounds for the 10 years 1924 to 1933. For the year 1934 the weekly average consumption was only 3,240,000 pounds. Consumption of wool from January 1 to July 27 of this year was 298,314,000 pounds of shorn wool greasy shorn basis and 55,084,000 pounds of pulled wool, greasy pulled basis.

United States imports of apparel class wool for consumption were 2,263,000 pounds in July compared with 1,448,000 pounds in June and 1,128,000 pounds in July 1934. The July imports of such wool were the largest in any month since April 1934. Imports in the first 7 months of 1935 were 11,889,000 pounds compared with 16,276,000 pounds imported in the same months of 1934.

COTTON

The recent decline in cotton prices, a larger domestic crop, low foreign stocks of American cotton, and prospects of no increase in the supply of foreign cotton, all point to an increase in exports of American cotton. Improved demand conditions may also result in a larger domestic consumption. In the first part of September, Middling 7/8" in the 10 markets averaged about $10\frac{1}{2}$ cents, which was about 1 cent per pound below the price existing prior to the announcement of the new loan policy. As a result of the rather marked decline, prices of American are now somewhat lower relative to some foreign growths than prior to the change in loan policy. The domestic cotton textile situation improved considerably during August and the first part of September with sales of cotton textiles for the month of August apparently exceeding the increased output. Domestic exports during August were only slightly below a year earlier but considerably below the 10-year average for the month. It is expected that the larger domestic crop and the new loan program will result in exports during the current season exceeding those of 1934-35. Despite a decline of about 300,000 bales in the forecasted domestic crop from August to September the world supply of American cotton was still expected to be somewhat larger than that of last season. While foreign production is expected to be larger than in 1934-35 the world supply of foreign cotton will probably be about the same as, or somewhat smaller than, it was last season.

Prices of American cotton which had been sustained by the possibility of a continuation of the 12-cent loan showed a very substantial decline following the announcement of the new loan policy on the evening of August 22. On August 24 the price of Middling 7/8" in the 10 designated markets averaged 10.59 cents which was almost 1 cent below the price prevailing just prior to the announcement of the loan policy finally decided upon which provides that the Commodity Credit Corporation will make loans to cotton producers at 10 cents per pound basis 7/8" Low Middling or better. In addition to this loan farmers will receive pay-

ments equal to the difference between 12 cents and the average price of Middling 7/8" cotton in the 10 designated markets on the date their cotton is sold. The loan program is limited to farmers who participated in the cotton adjustment program in 1935 and who agree to participate in the 1936 program. While the new loan is 2 cents lower than the loan for the crop year 1934-35 those producers who cooperated in the 1935 adjustment program are assured about the same returns per pound as in the previous season. Since the crop is larger their returns from marketings will probably materially exceed those of 1934-35. During the first week of September the price of Middling 7/8" cotton in 10 markets averaged about $10\frac{1}{2}$ cents per pound and remained at about this level through September 13. The sharp drop in the price of American cotton following the announcement of the loan was accompanied by a somewhat proportional drop in the price of Indian, Brazilian and some of the other foreign growths on the Liverpool market. Egyptian growths, however, did not drop to the same extent.

Domestic mill consumption in August amounted to 408,000 running bales compared with 392,000 bales in July and 419,000 bales in August last year. Sales of cotton textiles by mills improved considerably during August and early September, according to trade comments, and sales were reported to have exceeded production for the month of August as a whole. In Europe mill activity in August apparently remained essentially unchanged on the whole, as compared with July. In the Orient, however, the cotton textile situation was less favorable in August, particularly in Japan where despite a decline in activity, stocks of yarn and piece goods increased somewhat.

Total exports of American cotton in August amounted to approximately 241,000 running bales, according to the Bureau of the Census, compared with 253,000 bales in August last year. This represents a slight decline as compared with a year earlier, whereas throughout the first 8 months of the 1934-35 season monthly exports were from 40 to 50 percent smaller than the corresponding month a year earlier. A part of the favorable showing made in August as indicated by the comparison of this year with last, is due to the comparatively low level of exports in August last year, as exports in August this year were 21 percent less than the 10 years August average. The change in loan policy, the larger domestic crop, and the low level of foreign stocks of American cotton are expected to stimulate exports during the current season.

With the domestic crop forecast at 11,489,000 bales as of September 1, the indicated world supply of American cotton for the 1935-36 season is approximately 20,500,000 bales, an increase of roughly 200,000 bales over the 1934-35 season. A greatly reduced carry-over of American almost offsets the estimated increase of 1,900,000 bales in the domestic crop. This increase in production is due in part to an increase of 1,700,000 acres or 6 percent over the 1934-35 acreage and in part to an increase of about 12 percent in yield per acre. Conditions as of September 1 indicated a crop about 309,000 bales less than the August 1 forecast. This decline in crop prospects is the result of excessive insect damage and continued dry weather in Texas and Oklahoma. Foreign acreage and production are expected to be larger than the record year 1934-35. The increase in production, however, will probably be no more than, and may be considerably less than, enough to offset the decrease in carry-over of foreign cotton. The world supply of all cotton therefore, will probably not be materially different from that of 1934-35.

Business Statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employment 2/	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914=100	Commodity prices: United States: Wholesale 4/	Commodity prices: Foreign 5/ In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100					1926 = 100			
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.81	106
May	85	68	81	108	117	80	70	.75	114
June	86	66	80	104	116	80	69	.75	117
July	86	65	80	102	116	79	69	.75	123
Aug.				106	118	80			127

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

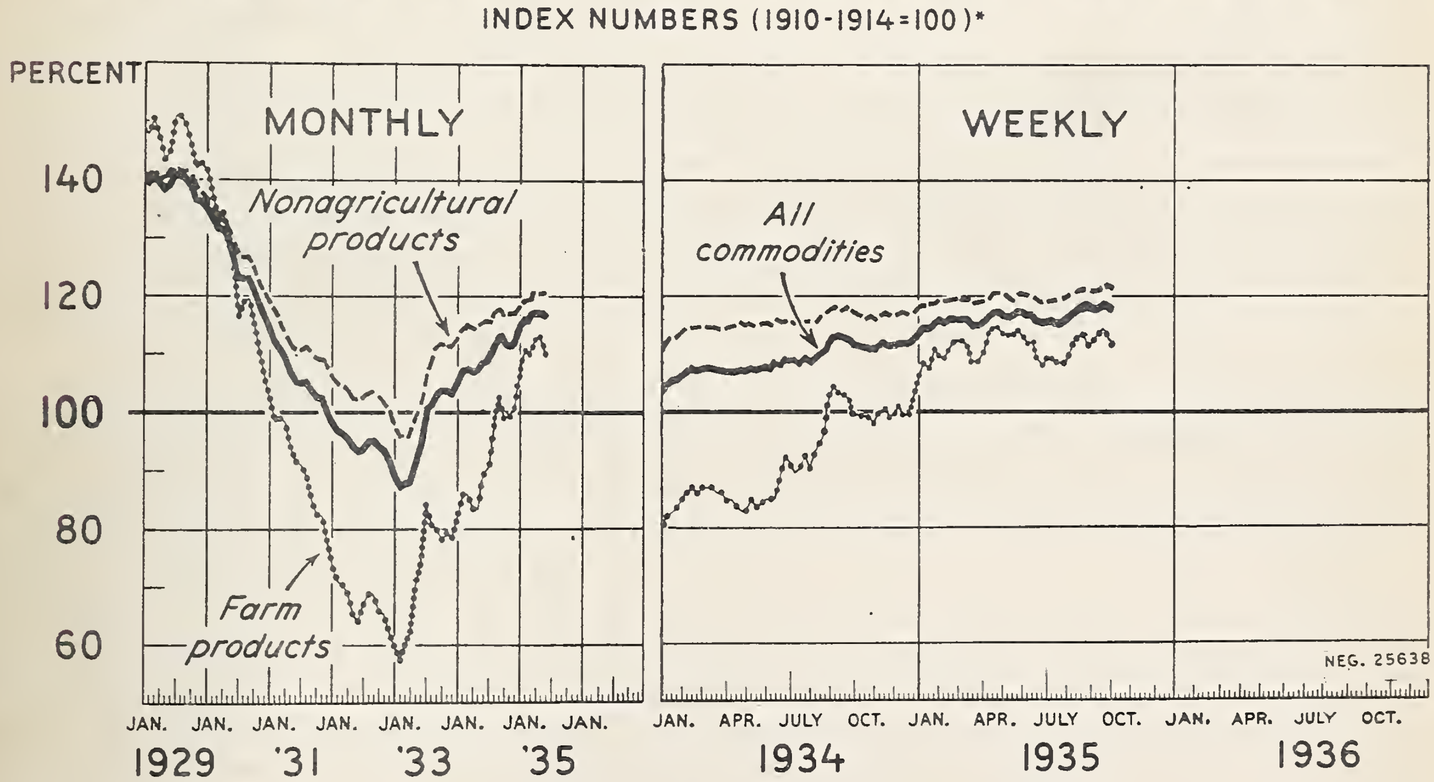
- - - - - - + - 0 - - - - - - - -

The PRICE SITUATION

OCTOBER 1935

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON

Wholesale Prices of Farm and Nonagricultural Products and of All Commodities, 1929 to Date



* BASED ON BUREAU OF LABOR STATISTICS INDEX NUMBERS

THE TENDENCY FOR THE PRICES OF FARM PRODUCTS TO FALL MORE RAPIDLY THAN THE PRICES OF NONAGRICULTURAL PRODUCTS IN A DEPRESSION, AS WELL AS THE TENDENCY TO RISE MORE RAPIDLY WITH RECOVERY, IS WELL ILLUSTRATED IN THE COURSES OF WHOLESALE PRICES OF FARM PRODUCTS AND OF NONAGRICULTURAL PRODUCTS SINCE 1929. THE REVALUATION OF THE DOLLAR AND THE TURN TOWARD RECOVERY CONTRIBUTED TO THE MARKED ADVANCE IN 1933. THE DROUGHT AND PRODUCTION RESTRICTIONS CONTRIBUTED TO THE RAPID ADVANCE IN AGRICULTURAL AGAINST NONAGRICULTURAL PRICES IN 1934 AND 1935. THUS THE GREAT DISPARITY THAT EXISTED IN 1931 AND 1932 WAS GREATLY REDUCED AND ALMOST ELIMINATED IN THE EARLY PART OF 1935.

FARM PRICES

Prices received by farmers have risen in recent months, whereas prices paid by farmers have declined and prices received relative to prices paid are now the highest in over 5 years. The general level of farm prices appears to be somewhat higher than in mid-September, when it was 107 percent of the pre-war average. Prices of grains, cotton, eggs and dairy products have increased, whereas hog prices are lower.

Wheat prices in the United States have risen in the past month in harmony with higher prices in world markets, owing principally to the unsettled situation in Europe and continued poor crop prospects in the Southern Hemisphere. It now seems probable that about 35,000,000 bushels of milling wheat will be imported this year to meet domestic requirements. World supplies of wheat, however, appear adequate for normal needs. With more abundant supplies this year, the farm prices of feed grains are likely to decline somewhat from present levels, especially corn prices, as these are adjusted to a new crop basis. Potato crop prospects were reduced somewhat in September as a result of unfavorable weather conditions, but indicated production for this year is still a little above average. Tobacco prices generally have improved a little and a marked recovery in cotton prices has taken place in recent weeks.

Hog prices have declined from their high level in August and the seasonal decline is expected to continue during the next few months. Market supplies of cattle continued fairly large in September with some decline in prices. Lamb prices have also declined recently. Wool prices advanced sharply in September and prospects point to an increase in wool imports to meet domestic needs. The seasonal advance in butter prices is expected to continue until about the end of the year. Butter prices in foreign countries have increased sharply and the margin of the domestic over foreign prices is now extremely narrow. Cheese prices are likely to continue decidedly above a year ago despite heavy production, partly as a result of high meat prices. Egg prices advanced less than usual in September, but with relatively low storage stocks and improvement in demand the usual sharp seasonal advance is likely before the end of the year. Poultry prices have risen somewhat lately and are expected to be well maintained in the next few months despite the fact that poultry prices usually show a seasonal decline throughout the last half of the year.

The general level of farm wage rates rose 3 points from July 1 to October 1, which is about the usual seasonal advance. Farm wage rates on October 1 at 102 percent of the 1910-1914 average were 9 points above a year earlier, and the highest in 4 years. Some decline in the supply of farm labor available for hire appears to reflect the recent pick-up in industrial employment.

Cash income from the sale of farm products in August was estimated at $549,000,000 compared with $451,000,000 in July and $536,000,000 in August 1934. The increase in income from July to August this year was greater than usual. The total cash income of farmers including rental and benefit payments in August was $595,000,000 compared with $471,000,000 in July and $602,000,000 in August 1934. For the first 8 months of 1935 the total cash income of farmers was $4,020,000,000 compared with $3,754,000,000 for the first 8 months of 1934.

WHOLESALE PRICES

The sharp advance in farm and food prices during August and September resulted in an advance in the general level of wholesale prices from 115 percent of the 1910-1914 average in late July to over 118 percent the latter part of September, the highest level since November 1930. Wholesale prices of farm products advanced from 108 to 114 and food prices from 127 to over 134 percent of the pre-war level, followed by some decline by October 5. Prices of nonagricultural products rose a little during September, especially prices of hides and leather products, textiles, metals, and building materials.

Apparently the war situation gave a sudden impetus to prices of some commodities. A comparison by groups of the commodity price rise at the start of the World War and at the beginning of the Italian-Ethiopian conflict may be of at least academic interest at this time, although the supply situation and many other conditions are very different now from what they were 21 years ago.

In August 1914 prices of foods were the first to rise sharply, advancing over 9 percent from July to August of that year. While a September-to-October comparison of the current situation may be more closely parallel to the July-to-August period of 1914, it is interesting to note that food prices, which had been rising for some time, in late September were nearly 4 percent higher than in early August, and at the highest level since October 1930.

Prices of hides and leather products were next to advance in August 1914. A similar rise has been apparent recently, prices having advanced nearly 3 percent since early August. The next group to rise in 1914 was that of chemicals and drugs. For this there is a somewhat similar movement in the last week or two.

During the first few months of the World War, prices of building materials, textile products, and metals began their steady upward climb. Cotton prices have strengthened considerably in the last month, and silk prices have been advancing for some time. In the metals group there has been a marked rise in the export price of copper, which on October 7 rose to 9.10 cents a pound, forcing the domestic price to 9.25 cents. This is the highest quotation for export copper in over 2 years and for domestic copper in over 4 years. Prices of tin are likewise advancing and world visible stocks of tin are reported to be the lowest in 28 years.

With the single exception of Germany, wholesale prices in the major foreign countries have increased steadily in recent weeks. This increase has been more noticeable in Italy where prices during the last 14 months have advanced 25 percent, owing partly to a decline in the value of the lira. In order to prevent domestic grain prices from rising because of the war situation, the Italian Government on September 16 enacted several measures designed to check speculation in wheat and to maintain prices near current levels.

In France, a price rise of nearly 4 percent has occurred since late July, owing partly to measures taken by the Government to improve agricultural prices, more especially wheat prices, which have also advanced considerably in world markets. As an additional stimulant to a rise of prices, the Bank of France in September agreed to accord the wine growers the same credit facilities that the wheat growers are already enjoying. Prices in England have advanced since mid-August, and the rise of nearly 4 percent since then has brought wholesale prices there to a new high point for the year. Canadian prices have risen steadily from the last week in August. Prices in Japan advanced a little from July to August. Prices in Germany declined somewhat in the first 2 weeks of September, recovering in the third week of the month. The early September decline was attributed to a sharp drop in prices of vegetable foods, which touched the lowest point since June 1934.

BUSINESS CONDITIONS

Business conditions appear to be favorable for maintaining at least the present level of demand for farm products through the next few months. Industrial activity in September and the first half of October continued at about the same level as in August, increases in the output of iron and steel, lumber and some of the miscellaneous industries being about offset by the sharp decline in automobile output. The increase in industrial employment and payrolls which was evidenced in August was apparently maintained in September. Department store sales made more than the usual seasonal gain in September.

The earlier introduction of new automobile models this year together with the continued improvement in machine tool operation and the higher level of contract awards for new building construction, particularly public works, indicate some advance in business activity during the fall months. In the first 2 weeks of October automobile production increased materially, with several manufacturers beginning the assembly of 1936 models. The outlook is promising for marked expansion in the production of automobiles in the next few weeks as dealers' showings of new models have been accompanied by ready orders. Building contracts awarded in the first 3 weeks of September rose by more than the usual seasonal amount, with all types of construction participating in the advance. Machine tool manufacturers and other miscellaneous users of steel are continuing operations at the highest levels since 1929, indicating a continuation of the marked improvement in the output of durable goods during the past year.

The level of industrial production of goods used primarily in consumption has been maintained in recent months by the unusually high level of activity in the manufacture of boots and shoes and woolen textiles in contrast with the relatively low level of output of cotton textiles and food. In September, however, cotton textile activity made at least the usual seasonal increase over August and was considerably higher than a year ago, when operations were sharply reduced by the textile strike.

Retail sales in most lines increased more than seasonally from August to September. Automobile sales declined, as buyers are awaiting the introduction of 1936 models, and many manufacturers were out of production. The Federal Reserve Board's seasonally adjusted index of department store sales advanced from 79 percent of the 1923-1925 average in August to 82 in September compared with 75 in September 1934. Retail sales in rural areas and by mail order houses also continued at a level substantially higher than a year ago.

Business activity in foreign countries in recent weeks has been influenced by the Ethiopian crisis. The War situation has resulted in an unusually heavy flow of investment funds to the United States with large gold imports. Industrial activity in Italy has declined since May and prices of Italian securities declined sharply during August and September. In Great Britain, the level of business activity is only slightly below the peak reached in June but it is expected that the building boom may be temporarily interrupted owing to the present tenseness and there has been a sharp falling-off in the amount of new securities issued in Great Britain. The previous improvement in business activity in Germany has been maintained largely by the increased output of capital goods and war materials. Industrial activity in Japan is being maintained at levels slightly below the peak reached last spring and industrialists in Japan are looking forward to further improvement on the prospect that Italian competition in the textile industry may be much less in the next few months. China is passing through a severe business depression and business activity in that country is at a low level.

WHEAT

Wheat prices in the United States during the past month have risen in harmony with higher world prices, caused principally by the unsettled political situation in Europe and continued poor crop prospects in the Southern Hemisphere countries. United States prices continue considerably above an export basis, which is to be expected during most, if not all, of the 1935-36 season, owing to millable supplies of hard wheat being less than domestic requirements.

Wheat utilization in the United States in 1935-36, considering that more light weight wheat is necessary to make a barrel of flour and that more unmillable light-weight wheat may be fed, is expected to be around 650,000,000 bushels, compared with a normal utilization of near 625,000,000 bushels. With reduced quality as well as quantity, making allowance for the lighter weight in the hard wheats and also likely damage in soft wheat going into farm storage in a moist condition which appears to be the case in some of the states, it would seem reasonable to expect net imports of milling wheat this year in the neighborhood of 35,000,000 bushels, which is about 5 percent of the prospective utilization. During July and August 1,760,000 bushels of milling wheat were imported for human consumption.

The wheat crop for the United States, at 599,000,000 as estimated from October 1 condition, is 4,000,000 bushels larger than a month earlier, compared with the very small 1934 production of 497,000,000 bushels and the 5-year (1928-1932) average of 861,000,000 bushels. Stocks of wheat on farms October 1, including new wheat from the current year's crop, totaled 257,000,000 bushels or 43 percent of the 1935 production. Farm holdings October 1, 1934, were 229,000,000 bushels or 46 percent of the 1934 crop. The proportion of the crop marketed before October 1 is larger than usual because of active demand for wheat of milling quality.

The average farm price of wheat in the United States rose from 81.5 cents on August 15 to 86.2 cents on September 15. This rise reflected in part an even greater rise in Liverpool values. In harmony with higher prices in principal markets the October 15 farm price is likely to be materially higher than the September 15 farm price. With hard spring wheat being imported this year, it is expected that the price of such imported wheat, which will be determined largely by the price in Canada, will cause prices of hard wheats in the United States to be higher than those for soft wheats, the supplies of which are adequate for domestic needs. Prices of all wheats have gone up since June, when it was thought that the United States would have a significant surplus available for export. Prices of hard wheats, however, went up much more quickly than prices of soft wheats, the latter making most of their gain during the past month as the result of an increased demand for this type of wheat to supplement the short millable supplies of the hard wheats. For the week ended September 7, No. 2 Red Wheat at St. Louis had risen only 9 cents from the low level in June, at the same time that No. 2 Hard Winter at Kansas City and No. 1 Dark Northern Spring at Minneapolis each had risen about 26 cents. No. 2 Red Winter at St. Louis, however, rose 17 cents, from an average of 93 cents for the week ended September 7 to 110 cents for that ended October 5, while No. 2 Hard Winter at Kansas City rose 10 cents, from an average of 112 cents for the week ended September 7 to 122 for that ended October 5, and No. 1 Dark Northern Spring rose 8 cents, from 129 to 137 cents, for the same period.

World wheat supplies outside of Russia and China in the 1935-36 season now appear likely to be about 300,000,000 bushels less than in 1934-35. World production, excluding Russia and China, is expected to be about 35,000,000 bushels less than last year and the carry-over at the beginning of the season about 260,000,000 bushels less than a year earlier. The Canadian crop is now estimated at 291,000,000 bushels compared with 276,000,000 bushels in 1934. Early inspection reports indicate a large quantity of low-grade wheat in Canada this year. In Europe, the crop at 1,535,000,000 bushels is about the same as last year. A decrease of 18 percent in North African production is partially offset by an increase in Asiatic production. The acreage sown in Argentina is estimated at about 14,000,000, a decrease of 25 percent from last year, but this estimate includes some acreage already abandoned. According to the September estimate of the Bureau, Argentina and Australia, are expected to produce only about 115,000,000 bushels each. The Russian crop is now expected to be about 65,000,000 bushels larger than in 1934, but a decrease is expected in China. Carry-over stocks in the United States, afloat, in Europe and in North Africa, together with a surplus of supplies over domestic requirements in Canada, Argentina, and Australia, are estimated to have been about 800,000,000 bushels this year compared with 1,060,000,000 bushels a year ago. The decrease indicated at present is less than stated earlier owing principally to revisions in 1934 European stock figures.

Considered in the light of world requirements, current world supplies appear adequate for normal needs. Considering current crop prospects, prospective utilization, and a relatively small carry-over, Canada, Argentina, Australia, Danube Basin countries and Africa together could export a total of 550,000,000 bushels of wheat and with Russian shipments

perhaps in the neighborhood of 50,000,000 bushels, a total of 600,000,000 bushels would be available. The amount available for export could be increased by another 75,000,000 bushels by making only moderate reductions in carry-over. Prospective world takings, on the other hand, assuming that the present conflict is confined to Italy and Ethiopia, may be in the vicinity of only about 550,000,000 bushels. With military activites confined to the present participants, no marked increase in European wheat trade is likely because of war. Based on current reports as to carry-over and crop prospects, Italian wheat supplies appear sufficient, unless the conflict is unusually prolonged or a very small corn crop increases wheat requirements to a greater extent than now appears likely.

CORN AND OTHER FEED GRAINS

Prices of feed grains in September and the first half of October were maintained by the unusually small terminal-market supplies of old-crop corn, strength in wheat, and frost damage to the new corn crop. Those factors which steadied prices during the past month do not appear sufficiently strong to offset the influence of the movement of new crop corn. A further adjustment in prices to the new crop basis is likely in the latter half of October and November. Oats and barley may be weakened by the decline in corn prices from the scarcity level of 1934-35 to that of a season of moderate supplies.

Prices of feed grains as a group declined during August and up to the first week of September and then advanced carrying prices back to about the mid-August level by early October. Market prices of corn at 5 important points averaged 84.6 cents per bushel in the first week of August, 76.3 cents the first week of September, and 81.5 cents per bushel the first week of October. No. 3 White Oats at Chicago reached the weekly average of 27.7 cents early in September and was 31.3 cents per bushel in the first week of October. Price swings in barley have been somewhat greater than in either corn or oats. No. 2 Barley at Minneapolis averaged only 41.4 cents per bushel in the first week of August but a month later was 67.3 (week ended August 31). No. 2 Barley at that market averaged 52.8 cents in the week ended October 5. No. 1 Feed Barley at San Francisco was quoted, September 5, at 77-1/2 - 80 cents per 100 pounds with choice malting types at $1.00-$1.25. A month later (October 10) the former brought $1.00 and the latter $1.25 - $1.40 per 100. Early in October, Argentine corn from spot stocks was underselling Nebraska corn on the West Coast by 40 to 50 cents per 100 pounds.

The September 15 United States farm price of corn was 78.0 cents per bushel compared with 80.8 cents on August 15 and 77.4 cents on September 15, 1934. With the September 15 farm price of wheat higher and corn lower compared with a month earlier, wheat was cheaper than corn in 18 States, whereas on August 15 it was cheaper in 25 States. In view of the strength in wheat, a prospective decline in corn prices and the large proportion of light-weight wheat in this year's crop, the quantity of wheat fed to livestock in 1935-36 may not be greatly different from 1934-35 when about 81,000,000 bushels were fed on wheat farms.

The indicated 1935 corn crop as of October 1 was 2,213,000,000 bushels, the barley crop 290,000,000 bushels, the oats 1,184,000,000 bushels, and the grain sorghums harvest 124,000,000 bushels. The October 1 corn, oats, and barley estimates were slightly higher than the September 1 estimates; the grain sorghums estimate was slightly lower. However, the killing frost of the first week in October damaged corn, particularly the late-planted fields from Iowa and Missouri eastward to the Appalachian Mountains. The extent of the damage was light in Tennessee, Kentucky, and Ohio, but was heavier in Illinois, Missouri, and Iowa. This frost will increase the proportion of soft corn and may reduce the final outturn of States in the affected area.

Supplies of old corn on farms October 1 were only 60,696,000 bushels, an unusually small proportion even of the very small 1934 crop. Oats stocks on farms on the same date aggregated 962,035,000 bushels compared with the 5-year (1928-1932) average of 943,596,000 bushels. Combining farm stocks and current estimates of the feed grain crops, it appears that the total feed supply, October 1, was 13 percent below a long-time (1926-1932) average. The number of units of grain-consuming animals and poultry at the end of the year is expected to be about 14 percent below the average of the same years. Prospective favorable feeding ratios during 1935-36 and depleted farm reserves of corn indicate the 1935 supply of feed grains is only moderate compared with total demands. The September 15 hog-corn ratio based on farm prices was 13.2 compared with 7.8 a year ago, and the long-time September 15 average of 10.7.

The September market receipts of corn and oats were quite large considering the season of the year. Receipts of corn at 13 markets during September totaled 7,180,000 bushels compared with 6,385,000 bushels in August and 16,796,000 bushels, the 5-year (1930-1934) September average. Market receipts so far this season totaled 88,535,000 bushels against 194,330,000 bushels in the same period of 1933-34. Receipts of oats at 13 markets in September aggregated 21,806,000 bushels compared with 30,274,000 bushels in August and 9,244,000 bushels the 5-year (1930-1934) September average. Receipts of corn may be expected to increase sharply with the movement of the new crop and oats and barley to decrease. Market stocks of corn continued to decrease but market supplies of oats and barley increased further. Corn in store and afloat at 41 domestic markets, October 7 was 3,403,000 bushels compared with 61,208,000 bushels a year ago, of oats 42,653,000 bushels against 25,131,000 bushels; and of barley 15,707,000 bushels compared with 17,933,000 bushels.

Wet-process corn grindings for domestic use in September totaled 4,571,000 bushels, the largest monthly grind since May. The total corn grind (domestic use and export) so far this season (November - September) totaled 49,500,000 bushels compared with 64,400,000 bushels in the same period of 1933-34 and 66,600,000 bushels, the 5-year average. The high price of corn was an important factor in reducing the 1934-35 grind since it placed most of the corn products of this industry in an unfavorable competitive position. So far in 1935, domestic sales of corn starch and corn syrup have been reduced about 15 percent whereas exports have been only about one-half to two-thirds as large as in the same period of 1934. Domestic sales of corn sugar in 1935 to date have been only one-half as large as last year. Stocks of corn at mills September 1 were unusually small and current grindings must be made from current

receipts which have not been large. With the increase in movement of new crop corn and the prospective increase in demand for corn products for the winter season, grindings will tend upward during the remainder of 1935 and early in 1936.

Foreign feed grains entered United States at a much slower rate in September than in August. From August 30 to October 5, (5 weeks) arrivals of foreign oats and barley at Atlantic and Pacific Coast ports were negligible but 2,933,000 bushels of corn were received. Imports of corn in August were 8,554,000 bushels, a record amount for any month of recent years. The cumulative total of corn imports, November through August, including arrivals at coastal ports in September amounted to 36,400,000 bushels compared with only 861,000 bushels imported from November 1933 through September 1934.

POTATOES

Frost damage and other unfavorable weather conditions in some States in September reduced the prospective production of late potatoes. The total estimated crop for 1935 is down close to the recent 5-year average. Prices registered slight seasonal declines in some sections, but the market in general held fairly steady. Any further reductions of crop prospects may tend to push prices to higher levels. Shipments continued lighter than at the same time last year, although car-lot movement was increasing rapidly as digging progressed.

Unfavorable growing conditions in September reduced potato crop prospects, particularly in New York and Michigan. Other Eastern and Central States also suffered a set-back, but weather was generally favorable for potatoes in the Western States. The 3 eastern surplus late-potato States now expect 83,850,000 bushels, or 31 percent less than last year and 10 percent below the 5-year average for 1928-1932. The 5 Central Surplus States recorded a decline of nearly 4,000,000 bushels, making the October estimate for this group 97,369,000 bushels, or only 1 percent above their 1934 crop and only 9 percent above average. The 10 Western Surplus States hold around 72,000,000 bushels, which is one-third more than they had last season and 3 percent greater than their 5-year average. Production prospects in the 12 Other Late States declined to 40,600,000 bushels, or only 2 percent above their 1934 crop and 6 percent above average.

The 30 late-potato States combined now expect about 294,000,000 bushels, a net decrease of 6 percent from last season and only 1 percent above average. The total United States crop for 1935 is now forecast at approximately 366,000,000 bushels from an average yield of 112.4 bushels per acre. This total is 7,000,000 bushels below the September forecast, about 19,000,000 bushels less than the 1934 crop, and only 2,600,000 bushels above average.

Shipments by rail and boat during late September and early October averaged around 3,000 cars per week, compared with 3,700 a year ago, but the mid-October output was beginning to reach 4,500 cars per week. By October 5 the surplus late-potato States had shipped

20,000 cars, as against 26,135 to the same time last season. The only important States to show a heavier movement than to early October of last year were North Dakota, Minnesota, Colorado, and California.

The general jobbing range of eastern potatoes in the New York l.c.l. market recently was around 93 cents per 100-pound sack, compared with an average of 96 cents a month ago and about 92 cents in early October 1934. Round Whites in the Chicago car-lot market recently ranged from 70 to 88 cents per 100-pound sack, or only slightly below the level of early September. At the same time last season the Chicago average was 98 cents. Idaho Russet Burbanks held around $1.60 in Chicago, the same as a year ago. Idaho's production is about the same as in 1934, the large increase this season being in other Western States, particularly Colorado and Nebraska.

The f.o.b. market in northern Maine was holding steady on Green Mountains around 50 cents per 100 pounds sacked, or 5 cents above the level of early October 1934, when Maine had a record-breaking crop. At Waupaca, Wisconsin, shippers were receiving about 57 cents per sack of Round Whites, compared with 75 cents a month ago and 65 cents at this time last season. The Idaho cash-track market on Russet Burbanks held fairly steady at 62 cents, with Rurals at 35 cents, but was slightly lower than in early October of last year. The main shipping season in New Jersey closed at 75 cents per 100-pound sack of Cobblers, about 25 cents below the early September level and 10 cents lower than the f.o.b. price at the end of the 1934 season in that State. Shippers on Long Island recently were getting 80 cents per sack, Cobblers being as low as 72 cents and Green Mountains as high as 90 cents.

The United States average price to growers of potatoes on September 15 was 48.4 cents per bushel, compared with 50.7 cents the month before, 62.8 cents in September 1934, and a 5-year (1909-1913) September average of 74.4 cents. The recent report on returns to growers ranged from a low point of 30 cents per bushel in Maine to a high of 90 cents per bushel in Mississippi. The September 15 parity price for potatoes was 89 cents per bushel.

FLUE-CURED TOBACCO

Prices of flue-cured tobacco have increased considerably since October 1 and conditions appear favorable for maintaining a higher level of prices during the remainder of the season. The crop is reported to be of substantially higher quality in the Middle and old Belts than in eastern North Carolina. An improvement in the average quality of the tobacco sold on eastern markets has been noted in the last 2 weeks. Warehouse auction sales for the season to October 12 averaged 19.7 cents per pound, and in view of the prospect for higher quality offerings during the remainder of the season, it appears that the entire crop will average around 21 cents per pound. Sales for the week ended August 12 averaged 25.5 cents compared with 20.4 cents for the previous week; 18.5 cents for the second preceding week and 16.4 cents for the week ended September 21.

The average price of sales for the first week in the Georgia-Florida belt (Type 14) was 21.2 cents per pound. In most years opening prices in other belts are higher than in the Georgia and Florida. In 1935, however, other markets opened with lower prices. Auction sales for the first week averaged 19.8 cents per pound on the South Carolina and border belt (Type 13) markets which opened August 8; 20.2 cents per pound on eastern North Carolina (Type 12) markets which opened August 26; 16.3 cents per pound on the middle belt (Type 11 b) markets which opened September 17; and 18.1 cents per pound on the old belts markets of North Carolina and Virginia (Type 11 a) which opened on October 1. Instead of showing the usual seasonal advance, prices on South Carolina, border belt, and eastern North Carolina markets declined from opening levels. These declines continued until around the first of October, but during the past 2 weeks substantial advances occurred. Furthermore, prices in the middle and old belts have shown the usual seasonal advances since these markets opened.

The flue-cured tobacco crop is now estimated at 760,000,000 pounds. This is larger than earlier indications and is exceeded only by the record crop in 1930. Exports during the past 12 months have been very small, but foreign stocks are reported to be low and export purchases from the 1935 crop to date have been large. The 1935 world supply, made up of United States and foreign stocks and the 1935 crop, shows an increase from the 1934 supply commensurate with the annual increase in consumption.

HOGS

Hog prices broke sharply in the first week in October when slaughter supplies were slightly larger because of increased arrivals of new-crop hogs. Further seasonal price declines may be expected during the next few months, but with prospective marketings of hogs indicated to be the smallest in many years the general level of hog prices during the remainder of 1935 are expected to be maintained well above those of a year earlier.

The weekly average price of hogs at Chicago declined from 11.23 per 100 pounds the second week in August to $10.54 during the last week of that month and then rallied to $11.03 in the last week of September. A drop of 75 cents occurred in the first week of October as supplies increased but the market strengthened somewhat in the second week. The September average price at Chicago was $10.95 compared with $10.78 in August and $6.82 in September 1934 and was the highest monthly average at that market since July 1929.

Hog slaughter under Federal inspection in September showed about the same relative decrease from that of a year earlier as did that of other recent months. The total of 1,453,000 head was 13 percent less than that of August and 44 percent smaller than the September slaughter of last year. Weights decreased slightly during September because of increased marketings of 1935 spring pigs and the average for the month for the seven leading markets, amounting to 250 pounds, was 1 pound less than the August average, but 14 pounds more than the average for September 1934. Weights are expected to show further decreases until

some time in November but probably will average heavier than those of a year earlier. The September hog slaughter was the smallest for the month since 1917, and the second smallest since 1902. The federally inspected slaughter of hogs in the marketing year ended September 30, 1935, totaling 30,678,000 head, was 13,233,000 or 30 percent less than in the marketing year ended September 30, 1934, and was the smallest for any previous marketing year since 1910-11. Hog slaughter during the 9 months, January to September of 18,626,000 head was 41.5 percent less than in the corresponding months of last year.

The cash corn prices advanced from the level reached in early September, following the decline that began in late August, whereas hog prices held relatively steady. Thus, the hog-corn ratio based on Chicago prices, declined from 14.2 in early September to 13.0 the week ended September 28. In early October corn prices declined moderately and hog prices broke sharply, resulting in a further decline of the ratio to 12.4.

Prices of fresh pork at New York advanced rather sharply in the first half of September, but declined slightly in the last half of the month, and in early October were at about the same level as a month earlier. Prices of fresh pork in recent weeks have been at the highest level in the past 5 years. Prices of cured pork, however, declined sharply during the month from the peak levels reached in late August, and in early October were at about the same level as in early August.

The composite wholesale price of all hog products at New York was $25.81 per 100 pounds in September compared with $25.77 in August and $18.30 in September last year. The index of retail prices of hog products in New York on September 30 was 105.0 compared with 104.1 on August 30, and 75.1 on September 30, 1934 (1924-1928 = 100).

Storage stocks of hog products declined seasonally during September but the reduction in lard stocks was small, both actually and relatively. The decrease in pork stocks was greater than in September last year but smaller than the 5-year average for the month. Total pork stocks on October 1, amounting to 278,000,000 pounds were the smallest of record for the 20 years that such statistics have been compiled, about 47 percent less than a year earlier, and 46 percent smaller than the 5-year October 1, average. Lard stocks, totaling 45,000,000 pounds, were the smallest of record for October 1 and were 65 percent less than a year earlier and 57 percent below the 5-year average for the month.

Exports of pork and lard from the United States in August were at or near record low levels. Those of pork were about 20 percent less than in July and were less than half as large as in August 1934. Imports of pork during the month were much larger than in August last year although still very small in comparison with exports. The total of 665,000 pounds was equivalent to less than 10 percent of the exports during the month. Lard exports amounted to only 3,470,000 pounds compared with 29,755,000 in August last year. Cuba was the principal export outlet for lard. Although the United Kingdom has been the leading outlet for lard exports from this country shipments during August to that country amounted to less than 1,000,000 pounds.

In view of the small number of hogs on farms in relation to feed supplies it is expected that hogs will be fed longer and to heavier weights this fall and winter than they were last year, consequently the proportion of the winter supply marketed during the next 3 months will be much smaller than average and slaughter during this period will be very much smaller than in the corresponding months last year.

CATTLE

The advance in cattle prices that started about the beginning of August continued through the middle of September, but during the latter part of the month some weakness developed and by early October most of the September advance had been eliminated. For the week ended September 21, the weekly average prices of choice and good steers at Chicago reached the highest point since the middle of June. Lower grade steers, however, were lower than in mid-June. Prices of other kinds of slaughter cattle in September followed the trend of beef steers, but with less fluctuation and early in October were not greatly different from a month earlier. Prices of stocker and feeder steers continued their contra-seasonal advance until the middle of September and then weakened, as beef steer prices declined. The average price of beef steers at Chicago for September was $10.36, compared with $10.27 for August and $8.08 for September 1934. The farm price of beef cattle September 15 was $6.41 compared with $6.28 in August, $4.21 in September 1934 and the 1910-1914 average of $5.21.

Prices of veal calves continued to advance during September, reaching a new top for the year early in October. The September 15 farm price of $7.64 was the highest for any month since March 1931.

Supplies of cattle in September were large. Receipts at seven leading markets were 7 percent larger than commercial supplies in September 1934 and were 12 percent larger than the 5-year September average. September was the only month in 1935 when receipts at these seven markets were larger than in the corresponding month a year earlier. Inspected slaughter of 885,000 head was 4 percent larger than in September 1934 and was 16 percent larger than the 5-year September average and was the third largest September slaughter on record. Inspected slaughter of calves of 458,000 head was 1 percent smaller than commercial slaughter in September 1934, but 14 percent above the 5-year average, and the second largest for the month on record. Combined slaughter of cattle and calves was also the second largest for the month on record. Receipts of good and choice beef steers at Chicago were the smallest for September in the 15 years of record, but the percentage of such in the total was above average for the month.

The increased slaughter in September as in other months this year resulted from the heavy slaughter of cows and heifers. Market records indicate that a considerable part of these increased supplies are coming from the South Central States, which in recent years have shipped few cattle to middle-western markets. Shipments of stocker

and feeder cattle from 12 leading markets into the Corn Belt States in September were about the same as the shipments in September last year. For the 3 months July to September, such shipments have been considerably smaller than a year ago. While the number of feeder cattle shipped from public stockyards into the Western Corn Belt was little changed this year from last, there has been a marked increase in the number of such cattle sold through auction markets in states west of the Missouri River. A large part of such cattle go direct to feed lots and do not go through public stockyards.

The number of cattle to be fed in the Corn Belt is expected to be considerably larger this year than last and the effects of this increased feeding will be reflected in a larger than usual seasonal increase in fed cattle beginning in the latter half of November. Fat cattle prices are expected to continue at about the present level for some weeks, and no further considerable advance seems likely. The seasonal decline in the prices of better grades will probably start at about the usual time, toward the end of November.

POULTRY AND EGGS

Egg prices changed little in September, the usual advance being offset by relatively heavy receipts compared with those of earlier months. Storage holdings, however, are still short and a resumption of the seasonal advance, on a level above that of recent years, seems likely. With poultry receipts continuing the lightest in many years, chicken prices advanced from August to September. The usual seasonal price movement is downward, from June to December, but little or no decline is likely during the remainder of this year.

Market prices of special packed mid-western eggs at New York averaged 31.9 cents per dozen in September, whereas the average for August was 30.0 cents and for September 1934 was 27.1 cents. The farm price more nearly followed the seasonal course by an advance of 3.7 cents from August 15 to the September 15 price of 26.4 cents. On September 15, 1934 the price was 21.9 cents. The farm price of chicken rose from 14.1 cents per pound on August 15 to 15.4 cents on September 15 and was 2.7 cents above the price a year before.

Receipts of eggs at the four markets in September were 719,000 cases compared with 616,000 cases a year before and a 5-year average of 777,000 cases. Though only the third smallest figure for the month since 1919, the decline from the August level is much less than in other recent years, being a reduction of only 69,000 cases in 1935, but 155,000 cases in 1934 and over the past 5 years it has averaged 125,000 cases. It is not expected that this situation will continue.

Receipts of dressed poultry at the four markets in September were very light, 21,300,000 pounds compared with 24,200,000 pounds a year before and a 5-year average of 25,800,000 pounds. Receipts are likely to continue relatively light for several months.

Storage stocks of case eggs on October 1 of 6,343,000 cases were light compared with average October 1 stocks. Stocks a year before were 6,803,000 cases and the 5-year average is 7,258,000 cases. Eggs in storage are now going into consumption. Storage supplies will continue to be a dominant price factor until December or January.

Storage holdings of frozen poultry on October 1 were 39,496,000 pounds compared with 55,262,000 pounds a year before and a 5-year average of 49,055,000 pounds. Storage stocks of poultry are now beginning to increase and will continue to increase until January or February.

BUTTER

Butter prices advanced seasonally from August to September, and a further seasonal rise in prices until about the end of the year is in prospect. Farm prices of butterfat are higher in relation to feed grains than a year ago, but are unusually low in relation to livestock. Foreign prices of butter have increased sharply in the past year, and the margin between domestic and foreign prices is extremely narrow. Production of butter in August was less than a year earlier but above average for that season of the year. Storage stocks are above average and the Government has been buying butter for relief.

Government purchases of butter on the New York and Chicago exchanges during September were about 1,700,000 pounds. In early October, bids were accepted for an additional 635,000 pounds of butter for relief distribution.

The price of 92-score butter at New York in September averaged 26.1 cents; this was 1.1 cents higher than in August and slightly higher than a year earlier. Since June about the usual seasonal changes in butter prices have occurred. The farm price of butterfat in mid-September of 24.9 cents was 2.0 cents higher than in August and 0.9 cents higher than in September 1934. In mid-September the farm price of butterfat was equivalent to the farm price of 21.7 pounds of feed grains compared with 16.3 pounds a year earlier and the 1925-1929 September average of 29.4 pounds. During the coming winter butterfat prices and milk prices will probably average considerably higher in relation to feeds than in the past winter. The outlook for commercial dairymen is more favorable than a year ago. Butterfat prices, however, are unusually low in relation to livestock. These price relationships are tending to curtail production in those areas where shifts between meat production and dairying are most easily made.

In early October the price of New Zealand butter in London was equivalent to 25.8 cents per pound or 1.4 cents less than the price of 92-score butter at New York. Danish butter in London was selling somewhat higher than 92-score butter in New York. During the past year the price of New Zealand butter in London rose about 10 cents per pound. This rise in London brings butter prices back to a much more normal relationship to the general level of commodity prices, and it is a strengthening factor in domestic prices. Imports are low and will no doubt continue low during the coming winter.

Estimated production of creamery butter in August of 157,800,000 pounds was 4.5 percent less than in August 1934, but was the third largest for the month on record. The 15 percent decline in production from July to August was somewhat greater than the usual seasonal decline. In the East North Central States August production was down 2.6 percent from the preceding year, and in the West North Central States, 6.3 percent. The low prices of butterfat in relation to many other farm products is probably the principal factor in causing the decline in production from a year ago. During the last quarter of 1935, production may not be greatly different than a year earlier, but production during the first 3 or 4 months of 1936 will probably be greater than the low production during those months in 1935.

Milk production per cow on October 1 was reported by crop correspondents as 12.24 pounds. This was only 3.1 percent larger than a year earlier, compared with an increase of 7.8 percent on September 1. The changes in milk production per cow and cow numbers indicate that total milk production on October 1 was probably about one percent less than a year earlier. The reports indicated a very high percentage of the cows were being milked.

The trade output of creamery butter in August of 150,800,000 pounds was about 2 percent less than in August 1934. Retail prices in August were about 5 percent less than a year earlier, so that estimated consumer expenditures for butter in August were about 7 percent less than in August 1934. The increase in trade output and consumer expenditures from July to August, however, was greater than the usual seasonal increase.

Cold storage holdings of creamery butter on October 1 were 149,000,000 pounds compared with 125,000,000 a year earlier and the 5-year average of 120,000,000 pounds.

CHEESE

Cheese prices advanced slightly from August to September, and prospects for the remainder of the year are for cheese prices to continue decidedly higher than a year ago. Cheese production is unusually heavy, but consumption has also increased, probably due in considerable part to the short supplies and relatively high prices of meats. Cheese consumption will probably continue relatively large throughout the coming winter.

Cheese prices on the Wisconsin Cheese Exchange (twins) averaged 14.1 cents in September, slightly higher than in August and 2.5 cents higher than in September 1934. Some further seasonal rise in prices is probable during the remainder of the year.

Estimated cheese production in August was a new high for the month, being 13.7 percent larger than a year earlier and 28 percent above the 5-year average for August. Production of American cheese in August showed marked increases over the preceding year in all of the important producing sections, the increase in Wisconsin being 17 percent. Cheese prices have been relatively high compared with butter, and this has stimulated cheese production in relation to butter.

Trade output of cheese in August of 54,100,000 pounds was 6 percent larger than a year earlier. The high prices and short supplies of meats seem to be a factor in stimulating cheese consumption. Retail prices of cheese in August were 5 percent higher than a year earlier. These changes indicate an increase of about 13 percent in consumer expenditures for cheese. Because of the short supplies of meat in prospect for the coming winter, it is probable that consumption of cheese will continue high for some time.

Storage holdings of American cheese on October 1 were 103,000,000 pounds compared with 109,000,000 pounds a year ago and the 5-year average of 88,000,000 pounds.

Imports of cheese in August were only 3.8 percent larger than in the same month of the preceding year. Thus the increase in consumption has been primarily in domestic cheese.

LAMBS

The advance in lamb prices that started in August continued into early September and reached a peak during the week beginning September 9, in which the top on lambs at Chicago reached $10.50, the highest price for any month since August 1930. After reaching this high point, prices reacted sharply and for the balance of the month the top on choice lambs at Chicago was down to about the level of late August. Market prices of feeder lambs advanced as slaughter lambs advanced, but did not decline when the price of slaughter lambs broke. As a result the top on feeder lambs at Omaha during the latter half of September was as high or higher than on slaughter lambs and at Chicago there was little difference between the prices of the two kinds of lambs. This is the first time in a number of years that feeder lamb prices have been higher than slaughter lambs. This high level of feeder lamb prices tended to support prices of medium grades of slaughter lambs, resulting in a very narrow range in prices on the bulk of slaughter lambs. Prices of both slaughter and breeding ewes advanced rather sharply during September, with the prices of slaughter ewes the highest for the month since 1930.

Supplies of lambs and sheep continued relatively larger during September. Although receipts at seven leading markets were 16 percent below commercial supplies in September 1934, inspected slaughter of 1,549,000 head was 5 percent larger than commercial inspected slaughter in September 1934, but 3 percent below the 5-year average. It was much larger than slaughter in September in any of the 15 years before 1930. Market reports indicate that the proportion of ewes in the receipts this year was much larger than in recent years. Records for the Chicago market show that the number of ewes received there in September this year was the largest for the month since 1926 and the proportion of ewes to total of sheep and lambs was the largest for the month in 15 years at least. Available information indicates that this increase in ewe receipts has been reflected in larger shipments of breeding ewes rather than in increased slaughter. A very good demand for both "one-year" breeding ewes and for young ewes is reported, and this is the first fall in several years when prices for the first named kind have been high enough to much more than pay shipping expenses.

Shipments of feeder lambs into the Corn Belt States through stockyard markets in September were much smaller than in September last year and the total for the 3 months, July to September, this year was much below last year. Contracting of feeder lambs in the western sheep States was quite active early in September and by the middle of the month most of the lambs available for shipment after October 15 were under contract.

Information available at this time points to a rather sharp decrease in lamb feeding this year and slaughter after October is expected to be considerably reduced. Prices of slaughter lambs are not expected to change much from present levels until the end of November, but a considerable advance during the early part of the fed lambs season beginning December 1 is not unlikely.

WOOL

The active trading reported in August in the domestic wool market continued through September and prices of domestic wool at Boston advanced sharply during the latter month. Consumption of apparel class wool by the domestic wool manufacturing industry in the first 8 months of 1935 was larger than for any similar period since 1923, and apparently was larger than production of shorn and pulled wool for the present season. Although the carry-over of 1934 domestic clip into the present season was very large, it is probable that increased imports will be necessary before the beginning of the new season if consumption is fairly well maintained. Developments in the foreign wool market, therefore, will be of increasing importance in the domestic situation. Domestic prices are now estimated to be somewhat below an import basis.

A slight decline in prices was reported from foreign wool markets in September. Prices for merinos and fine crossbreds at the fifth series of sales at London in 1935 which closed October 4 were slightly higher, in British currency, than at the close of the previous series on July 25, but prices of medium and low crossbreds were below the July prices. The reduced demand in Australia and at London in the second half of September was attributed to the unsettled conditions in various European countries at that time. Stocks, particularly of fine grades, in consuming countries are reported to be still very low.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 79.5 cents a pound for the week ended October 5 compared with 77.5 cents for the week ended September 7. The average price for this grade of wool for the month of September was 78.8 cents, compared with 65.8 cents at the low point for this year, in April. Territory 56s were 68 cents a pound in the first week of October compared with 63 cents in the first week of September. The United States average farm price of wool as of September 15 was 20.9 cents a pound compared with 20 cents on August 15 and 19.5 cents in September 1934. September was the first month in 1935 for which the average farm price exceeded the price for the same month in 1934. The average farm price for the year 1934 was 22.3 cents a pound.

Machinery activity increased in August as compared with July in all branches of the domestic wool manufacturing industry except the worsted spindles section, where little change was reported. The weekly average

consumption of apparel class wool in the 4 weeks ended August 24 was 6,648,000 pounds, scoured basis, compared with 5,894,000 pounds in July and 2,500,000 pounds in August 1934. The weekly average consumption in August exceeded the relatively high rate reported in May 1935 and was higher than for any similar period since 1923. Consumption from January 1 to August 26 of this year was 349,429,000 pounds of shorn wool, greasy shorn basis, and 62,326,000 pounds of pulled wool, greasy pulled basis. Production of shorn wool for 1935 is estimated at 343,900,000 pounds. Pulled wool production averaged about 64,000,000 pounds annually in the years 1930 to 1934.

Reports indicate that domestic mills continued to operate at a high rate in September and advance orders are reported to be good. Government contracts for wool blankets and other wool fabrics and the large business on upholstery fabrics for the automobile industry have contributed greatly to the maintenance of wool consumption in 1935 at the highest level in many years. Building up inventories of goods is also believed to be partly responsible for the increase in mill consumption of wool this year.

United States imports of apparel class wool for consumption were 13,515,000 pounds from January to August 1935 compared with 17,000,000 pounds in the same months of 1934. In each month since May imports of combing and clothing wool have exceeded imports for the same month in 1934. It seems probable that further increases in imports will be necessary during the remainder of the present domestic wool season.

Production of wool in 16 countries which furnish about two thirds of the total world wool production, exclusive of Russia and China, is now estimated at 2,155,000,000 pounds, a decrease of 3 percent compared with 1934. Reliable estimates are not yet available for Argentina and Uruguay and only provisional figures are available for Australia, New Zealand and the Union of South Africa. Owing to the fairly large decrease in Australia, production in these three countries shows a reduction of 4 percent as compared with 1934. August exports from most Southern Hemisphere countries greatly exceeded those of a year earlier. Exports from Australia and New Zealand for the first 2 months of the new season, up to August 31, were twice as large as for the same period of 1934.

COTTON

Cotton prices rose sharply in the first week of October to from forty to sixty points higher than the last week in September after a month of relatively low cotton prices. Sales of cotton goods exceeded the increased volume of production by a substantial margin in September with the volume of trading apparently further increased in the first part of October. A general improvement in economic conditions appears to be largely responsible for this increase. Exports have shown a rapid upturn in the past few weeks.

Subsequent to the announcement of the new loan policy on August 22, the ten market average price for Middling 7/8 inch cotton receded from an average of 11.57 in August to an average of 10.48 cents in September. Prices advanced sharply from a September 27 price of 10.41 cents to 10.98 cents on October 4, but by October 11 had declined to 10.85. The average price paid producers in September was 10.6 cents compared with 11.5 cents

for August and 13.1 for September 1934. In percentage of parity (new basis) the farm price of cotton fell to 67 compared with 72 in August and 82 in September 1934. Prices of Brazilian and Egyptian growths at Liverpool averaged higher relative to American in September than in August and considerably higher than in September last year. The price of Indian growths rose relative to American toward the end of September to considerably above its relative position a year earlier. Egyptian uppers prices have receded relative to American since the first week in September.

Domestic cotton consumption in September was slightly larger than the 408,000 bales consumed in August and 52 percent larger than the unusually small consumption in September 1934. Consumption for the first 2 months of the season amounted to 858,000 bales, which was 144,000 bales larger than in August and September last season, but 21 percent smaller than in the first 2 months of 1933-34. Activity has apparently increased still further in the first half of October. Sales and production of medium and coarse goods have shown the greatest activity, particularly in the last 2 or 3 weeks, the demand for fine and fancy goods failing to increase to the same extent. Factors contributing to the increase in domestic cotton textile sales and activity include improvement in the demand of industrial users, low stocks, expanding consumer income and prospects that the Government would soon initiate its cotton goods buying program. During the latter part of the week ending October 5 the sharp rise in raw cotton prices resulting from war reports served as an added stimulus to buying and sales exceeded production by a substantial margin. The margin between the price of cotton goods and the estimated cost of an equivalent amount of raw cotton (including the processing tax), in September, increased somewhat over that of August, but was smaller than the margin in September 1934.

Exports in September were slightly larger than in September 1934, but much less than the average for September in the 10 years ended 1932-33. Total exports in August and September were not materially different from a year earlier, but were much lower than the average of these 2 months in the 10 years ended 1932. Exports in recent weeks have shown a rapid rate of increase, and in each of the 2 weeks ended September 26 and October 3 exports were considerably higher than in the same period a year earlier, although still less than for the same period in 1933-34.

With the 1935-36 domestic crop forecast at 11,464,000 bales as of October 1, and a carry-over of American of 9,000,000 bales, the indicated world supply of American remains at slightly under 20,500,000 bales, which is about 200,000 bales greater than last season. Indications still point to a foreign supply which may be somewhat less than that of last year since an increase in foreign production probably will be more than offset by the smaller carry-over. The new Egyptian crop estimated at about 1,700,000 bales is somewhat larger than expected. Conditions, therefore, continue to point to a world supply of cotton which will not be materially different than that of last year.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914 = 100	Commodity prices: United States: Wholesale 4/ 1926 = 100	Commodity prices: Foreign 5/ In foreign currency 1926 = 100	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100								
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
July	76	60	79	87	109	75	69	.88	94
Aug.	73	62	80	96	112	76	70	.88	92
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.81	106
May	85	68	81	108	117	80	70	.75	114
June	86	66	80	104	116	80	69	.75	117
July	86	65	80	102	116	79	69	.75	123
Aug.	86	70	82	106	118	80	70	.75	127
Sept.				107	118	81			132
Oct.									

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - 0 - - - -

152 P

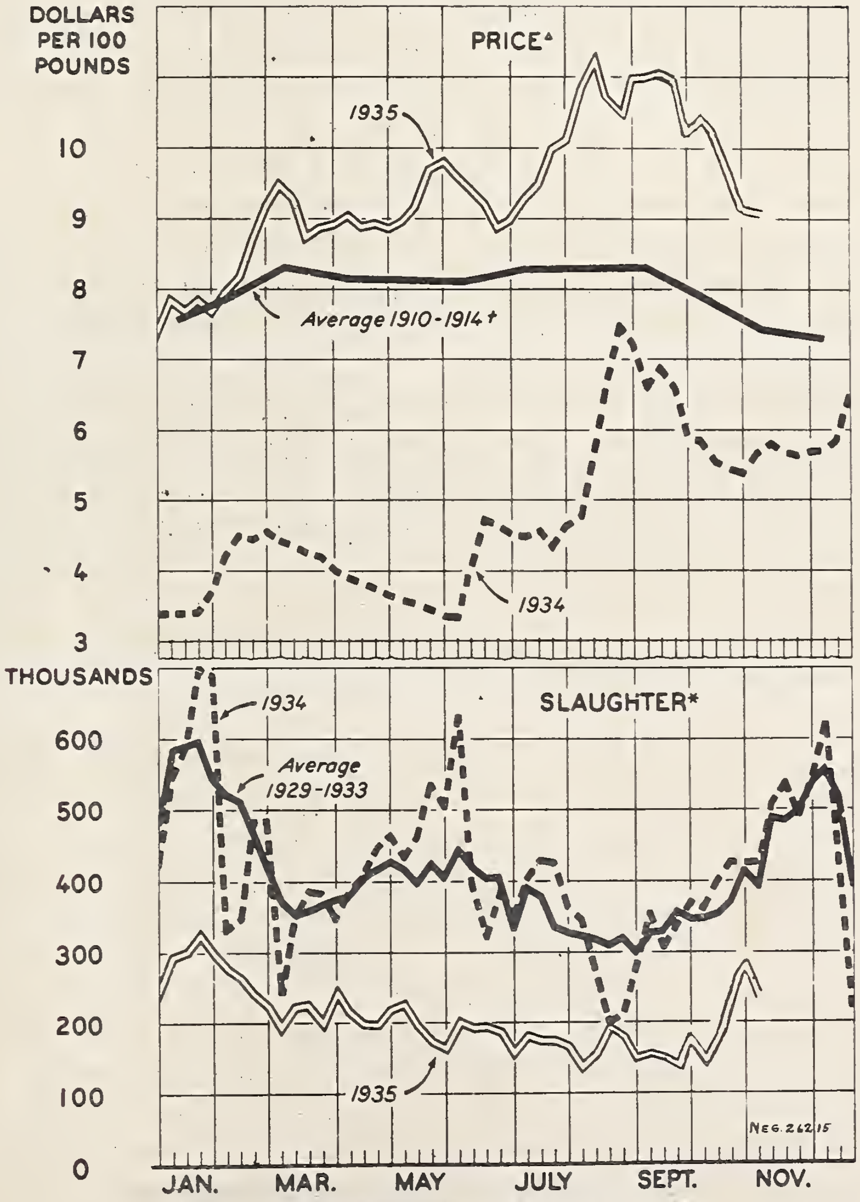
The PRICE SITUATION

NOVEMBER 1935

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON

Hogs: Average Price at Chicago, and Federally Inspected Slaughter



▲PACKER AND SHIPPER PURCHASES *EIGHT IMPORTANT CITIES
† WITH SEASONAL VARIATION, 1921-1933

Slaughter supplies of hogs in the summer of 1935 were the smallest in 25 years and the price of hogs in August and September reached the highest level since 1929. Since late September hog prices have declined as a result of seasonal increases in the slaughter of hogs and other livestock. Although slaughter supplies of hogs during the coming winter season will probably continue much smaller than a year earlier, return to the high level of prices prevailing in August and September is unlikely. An increase in hog slaughter in the summer of 1936 is expected.

FARM PRICES

The general level of prices received by farmers is not likely to change materially in the next few months, as continued advances in the price of some products may be offset by declines in others. Improvement in business activity will tend to maintain and even increase prices of some products, but the influence upon prices of improved consumer buying power may in some cases be more than offset by increased marketings.

Changes in market prices of farm products in recent weeks indicate that the general level of farm prices in mid-November is about the same as, or slightly lower than in mid-October. The prices of cotton, potatoes, dairy products, and eggs have risen in the past month, but the effect on the general index of higher prices for these products may be offset by the declines in prices of grains and livestock. The general level of farm prices in mid-Octob r was 109 percent of the pre-war average compared with 107 in September and 102 in October 1934. The index of prices paid by farmers for commodities is estimated at 123 percent of the pre-war average, the same as a month earlier but 3 points below the level of a year earlier. With the rise in prices received by farmers and the decline in prices paid by farmers in recent months the ratio of prices received to prices paid by farmers rose to 89 in October, the highest in more than 5 years.

The improvement in industrial activity has been an important factor in increasing the income from farm marketings in recent months, the increase being more than usual for this time of the year. Cash income from farm production in the last quarter of the year now seems likely to be somewhat larger than in the corresponding period of a year ago. The total cash receipts of farmers from marketings and from rental and benefit payments in 1935 seems likely to be about $6,800,000,000 compared with about $6,287,000,000 realized in 1934.

Prices of livestock seem likely to be maintained during the remainder of the calendar year, fairly close to the level reached in November. In the past few weeks hog prices have declined as usual in this season of the year, but since the supplies to be marketed in the next few months are relatively small, prices are likely to be maintained fairly close to the level reached early in November. If hogs are held back to be fed to heavy weights, the usual seasonal rise may not be realized in January and February. Cattle prices on the whole are likely to be well maintained on account of the continued short supply of hogs and improved consumer demand. However, heavy feeding may result in some seasonal declines in the prices of the better grades of steers in the early part of 1936. The improvement in lamb prices which occurred in October is expected to be fairly well maintained until the end of the year, after which some further advance is probable. Steady to higher wool prices are expected in the next few months as a result of reduced supplies and an improvement in demand. The recent rise in butter prices has been more than usual and a further seasonal advance in prices during the remainder of the year is in prospect.

With the United States on an import basis for good quality spring wheat, domestic prices of spring wheat will be directly affected by changes in world prices, especially by prices in Canada. Moreover, since Canada now has a relatively large portion of the world's surplus of wheat, Canadian policy and price movements are of major importance in the wheat situation. Cash corn prices declined sharply in October as prices were adjusted to a new crop basis and some declines occurred in prices of oats and barley. Corn prices are usually weak in November and December. Potato prices advanced sharply in recent weeks, partly as a result of reduced crop prospects and some recession from the recent sharp advance seems likely. Apple prices have been low this season because of the abundant crop, but the trend of apple prices is likely to be upward during most of the remainder of the present marketing year. Cotton prices have advanced considerably since mid-October as a result of some reduction in crop prospects and an improvement in demand as indicated by heavy sales by manufacturers and a substantial increase in consumption of American cotton in the United States and Europe.

WHOLESALE PRICES

Wholesale prices in the United States have declined 1 percent from the recent high point in late September to 117 percent of the 1910-1914 average. This decrease has been accounted for almost wholly by declines in prices of farm products and foods. Among the "other than farm products and foods", the rise since late September in hides and leather, textiles, chemicals, house furnishings, fuels and lighting materials, as well as in miscellaneous commodities more than offset a slight decline in prices of some other commodities. Hides and leather prices have increased sharply (6 percent) since early August.

Prices of raw materials and semi-manufactured articles have each increased 2 percent from their recent low point in July - more of an increase than the average rise of commodity prices as a whole - whereas prices of finished products have risen only 1 percent in the same period.

This recent decline in prices in the United States has a counterpart in the slight price declines in both England and Canada within the last 2 weeks. Prices in England after a rise of 6 percent from mid-August to late October, declined a little in early November.

Price trends in some of the major European countries continue upward. The most outstanding of these is Italy, where wholesale prices have risen 29 percent since the low point of mid-July 1934. The upward price movement in France in recent weeks is particularly marked for food products. Prices in Germany have increased slightly since early September, with the rise in prices of textiles, raw materials, hides, and rubber more than offsetting declines in prices of nonferrous metals.

A combined index of wholesale prices in the moneys of eight foreign countries which take about 75 percent of our agricultural exports has been practically unchanged for the last 2 years at about 69 percent of the 1926 average.

BUSINESS CONDITIONS

There was a further rise in industrial activity in October with the improvement becoming more widespread among the various types of industry. The increase in output of automobiles since the introduction of new models has been unusually rapid and has been accompanied by large orders for steel from automobile manufacturers. Building contracts awarded continued to increase in October, cotton textile activity is increasing more than seasonally, and electric power production in recent weeks has been at the highest levels on record. Freight car loadings in October were above those a year ago, reflecting the increased volume of industrial output. Factory employment has been increasing since July, and factory payrolls have reached the highest level since the spring of 1931. This improvement in industrial production and in payrolls has been accompanied by a greater than usual seasonal increase in farm income and in recent months the improvement in farm income over the same months a year ago has become more pronounced.

The increase in output of automobiles since the introduction of 1936 models has been even more rapid than the increase in output last winter, and in the first week in November automobile output was up to 80 percent of the peak reached last spring. Steel production made more than the usual seasonal gain from September to October, and pig iron production increased to the highest level for any October since 1930 partly in anticipation of price advances. Domestic cotton textile activity and exports of cotton are both somewhat higher than at this time last year. Construction contracts awarded in October were the highest since December 1933; awards for all types of construction increasing from September to October. Railroad buying, which has been at unusually low levels during 1935, has shown indications of increasing in recent weeks.

The marked improvement in retail sales in September was fairly well maintained in October. Sales of general merchandise in small towns and rural areas made about the usual seasonal increase from September to October and the seasonally adjusted index of sales was the highest since May 1930. Mail order house sales increased seasonally from September to October and were the highest for the month since 1929. However, the Federal Reserve Board's seasonally adjusted index of department store sales declined to 77 percent of the 1923-25 average in October compared with 82 in September and 73 in October last year.

Industrial activity has also shown improvement in most foreign countries except in the gold bloc countries and China. Business activity in the United Kingdom rose sharply between August and September to a new high. The improvement was most marked in the capital equipment industries and the index of building activity was at a new high. Industrial activity in Germany has been maintained by the continued increase in output of the capital goods industries and activity in Italy has partially recovered from the sharp decline which occurred in July. A recent advance in prices of raw materials has been favorable to countries where these commodities are the principal items of export and also has tended to relieve the deflationary pressure on the gold bloc countries. However, there is as yet no perceptible improvement in industrial activity in France, Holland and Switzerland. In the Far East, economic activity in Japan has been well

maintained, and the recent sharp advance in raw silk prices has improved the situation in the agricultural areas of Japan. Business in China is still severely depressed and increased pressure on the Chinese dollar resulted in abandoning silver as a currency base early in November. Recently the exchange rate of the Shanghai dollar has been fluctuating near 29.75 cents compared with the average of 37.62 cents in September, which has raised prices of foreign products in terms of Chinese money and may tend to restrict imports of American farm products unless prices of these commodities in China advance as much as the currency has depreciated.

WHEAT

With the United States on an import basis for good quality spring wheat, foreign market developments have become the dominant influence in the United States wheat price situation. Reflecting the higher Liverpool prices caused by the outbreak of hostilities in Ethiopia and the uncertain political situation in Europe, wheat prices in domestic markets in the week ended October 12 reached the highest point since January 1930. However, since October 12, owing principally to lessened tension in Europe, improvement in Argentine crop prospects and uncertainty of the Canadian policy relative to the disposal of the wheat surplus of that country, prices of all classes of wheat have declined.

Prices of No. 2 Hard Winter wheat at Kansas City in the first week in November were about 21 cents over Liverpool December futures compared with about 28 cents a month earlier and about 25 cents a year earlier. Prices of No. 2 Hard Winter at Chicago, however, in early November were running about 23 cents over Liverpool December futures compared with about 30 cents in early October and 30 cents a year ago. Chicago December futures have been only 6 or 7 cents over the Liverpool compared with about 24 cents a year earlier. This relatively small spread in the case of the futures at Chicago this year is due to the fact that relatively cheap soft winter wheat is deliverable on contracts. Whereas prices of Soft Red usually have averaged close to Hard Winter for similar grades at Chicago, this year they are considerably cheaper. For the week ended November 9, No. 2 Soft Red was 12 cents under No. 2 Hard wheat.

The United States average farm price of wheat after rising from 86.2 cents per bushel in mid-September to 96.3 cents in mid-October, on November 15 is expected to show a decline from mid-October in harmony with lower market prices. The price for the week ended November 9 of No. 1 Dark Northern Spring wheat at Minneapolis at 127 cents per bushel was 12 cents lower than for the week ended October 12; No. 2 Hard Winter at Kansas City at 111 cents was 12 cents lower and No. 2 Red Winter at St. Louis at 104 cents was 9 cents lower. Comparative prices for the week ended November 10, 1934 are as follows: No. 1 Dark Northern Spring wheat at Minneapolis 115 cents, No. 2 Hard Winter at Kansas City 101 cents, and No. 2 Red Winter at St. Louis 100 cents.

Wheat stocks in the United States on October 1 totaled about 581,000,000 bushels, which represents about a 30,000,000 bushel decrease from a year ago. Reports continue to confirm the generally poor quality of the 1935 wheat crop. Inspections of Hard Red Spring wheat from August 1 to mid-October showed only 23 percent grading No. 2 or better, compared with 83 percent from August through October last season. Only 17 percent

of the Durum graded No. 2 or better this season, compared with 97 percent last year. Of the Hard Red Winter wheat inspections July through September, 58 percent graded No. 2 or better compared with 81 percent last year. Of the Soft Red Winter, 30 percent graded No. 1 and No. 2 this season against 74 percent last year. White wheat appears to be of slightly better quality than last season with 92 percent grading No. 2 or better compared with 86 percent from July through September 1934.

Present estimates of wheat production indicate a world crop exclusive of Soviet Russia and China of 3,475,000,000 bushels compared with 3,470,000,000 bushels last year and an average of 3,764,000,000 bushels from 1930-31 to 1934-35. The estimate of the Canadian crop has been reduced 16,000,000 bushels to 274,000,000 bushels, which is 2,000,000 below the 1934 figure. Soviet Russia is reported to have harvested a larger crop than in 1934 but China a somewhat smaller one. The total of the three North American countries is 13 percent above the small crop harvested last year but is 18 percent below the average during the past 5 years. The European total, excluding Russia, is about 8,000,000 bushels, or less than 1 percent above last year, but is about 28,000,000 bushels, or 2 percent above the 1930-31 to 1934-35 average. Four Asiatic countries reported an increase of 1 percent. The total for six North African countries is 18 percent below last year but about the same as in 1933.

Harvesting has begun in the early districts of Australia where the crop has been officially forecast at 135,000,000 bushels compared with 133,489,000 bushels in 1934 and an average of 185,792,000 bushels from 1930-31 to 1934-35. Carry-over of old crop wheat in Australia on December 1, is expected to be somewhat smaller than a year ago. No official estimate is available for Argentina but a crop of not more than 150,000,000 bushels appears in prospect. Following improved crop prospects in early October, effects of subnormal moisture conditions are again appearing.

Wheat stocks in Canada remaining for export and carry-over November 1 totaled about 292,000,000 bushels compared with 310,000,000 bushels a year earlier. Canadian wheat in bond in the United States was at a record high for this date and totaled 32,000,000 bushels compared with 18,000,000 bushels in 1934. Argentine wheat stocks available for export or carry-over totaled 28,000,000 bushels compared with 41,000,000 a year ago while Australia still had a surplus of about 20,000,000 bushels compared with 47,000,000 bushels a year earlier. With Canada holding the large share of the surplus stocks of the world, the export market is expected to be dominated largely by the policy governing the disposal of the stocks of that country.

Wheat import requirements for Europe are expected to show some increase for 1935-36 compared with 1934-35, but they will continue to be below the average imports of recent years. The net import trade for Europe during the current year may approach 385,000,000 bushels which is only about 40,000,000 bushels more than during the past season and about 120,000,000 bushels below the average for 1929-30 to 1934-35. The inter-European wheat trade last season accounted for around one sixth of the total trade, five sixths being in overseas wheat. This year the inter-European trade is expected to make up about one tenth, thereby improving the relative trade position of ex-European wheat, but this improvement to the usual exporting countries may be offset by the increase in Russian

shipments. Soviet Russia from July 1 to November 9 exported 16,000,000 bushels this year compared with 1,000,000 for the same period last year.

World exports from July 1 to November 9, amounting to only 167,000,000 bushels, are 30,000,000 bushels short of the small movement of a year earlier. During this period Canada with the large share of the world's surplus has shipped only 57,000,000 bushels, which is about 16,000,000 bushels less than in 1934. Argentina and Australia together exported 76,000,000 bushels or a reduction of 31,000,000 from the amount exported during the same period a year earlier. The reductions in the shipments from these countries were offset in part by the larger shipments from Russia. The total for other countries amounted to 34,000,000 bushels. Canadian exports to the United States for domestic consumption July through September totaled 7,000,000 bushels of which 4,600,000 bushels were milling wheat and 2,400,000 bushels were classified "unfit for human consumption".

CORN AND OTHER FEED GRAINS

Cash corn prices in October declined sharply to a new-crop basis. Oats and barley also declined but not as much as corn. Usually corn prices are seasonally weak in November and December. Past experience indicates that the November - May farm price of corn may average about 55 cents a bushel. October weather did not materially affect feed crop outturns. The 1935-36 supply of feed grains for feeding purposes will provide each grain-consuming animal unit, including poultry, with about the average quantity consumed in the years, 1928-29 to 1932-33.

Cash corn prices declined sharply in October. All classes and grades of corn at five important markets advanced to an average of 86.5 cents per bushel for the second week of October, then dropped to 57.5 cents for the week ended November 9. No. 3 Yellow corn at Chicago declined from 88.1 for the week ended October 12 to 62.5 cents per bushel for the week ended November 9. December and May corn futures tended downward during the month. Oats prices weakened with corn but barley prices after receding in mid-October returned to the early October level. No. 3 White oats at Chicago fell from an average of 31.3 cents for the week ended October 5, the highest weekly average since the week ended August 10, to 28.8 cents for the week ended November 9. Most of the market receipts of feed barley at Minneapolis were of the lower grades and No. 3 averaged 55.1 cents in the first week of October and 53.7 cents in the first week of November.

The United States farm price of corn on October 15 was 71.8 cents, of oats, 27.0 cents, and of barley, 39.4 cents. Compared with the September 15 average, corn declined but oats and barley advanced.

The November 1 estimate of the 1935 corn production of 2,211,268,000 bushels was practically the same as the October 1 figure. The indicated crop is 13.7 percent below the 5-year (1928-32) average of 2,562,147,000 bushels. October frosts and poor maturing conditions reduced yields in most of the important corn-producing States west of the Mississippi River, but the reduction in these States was nearly offset by increased yields in the eastern part of the Corn Belt. In comparison with average, the crop is short in an area centering about Nebraska but is ample in an area around Indiana. The quality of the 1935 crop is better than last year's,

and while it is quite variable, the quality is about average. Frosts in the Northern Corn Belt resulted in some chaffy corn.

The frosts and freezes in October reduced yields of late-planted grain sorghums and the indicated production on November 1 was 107,811,000 bushels compared with 93,764,000 bushels, the 5-year (1928-32) average. A record production of soybeans of 36,527,000 bushels was estimated, November 1. A crop of this size suggests liberal feeding of beans on farms as well as heavier crushings and a larger carry-over at the close of the season.

Range and pasture feeds in the Western States on November 1 were above average with large supplies of hay, roughages, and other feeds. Livestock in these States are going into the winter in above average condition.

The October market receipts of corn of 9,515,000 bushels were larger than for any month since May. The season's receipts at 13 markets, November 1934 through October 1935, totaled 98,050,000 bushels compared with 210,550,000 bushels in 1933-34. Market receipts of oats in October amounted to only 11,814,000 bushels compared with 21,806,000 bushels in September, but were still much above average. There were many days in October when the inspected receipts of soybeans at Chicago were greater than the receipts of feed grains. Inspected receipts of soybeans during the month totaled 1,755 cars. The October shipments of corn and oats from 13 markets were about as large as in September. The market accumulation of feed grains (corn, oats, and barley) in October was at a much slower rate than in September. Stocks of corn in store and afloat in domestic markets decreased to 2,407,000 bushels on November 11, while those of oats increased to 45,585,000 bushels and of barley to 19,391,000 bushels. A year ago, 57,012,000 bushels of corn were in store at these markets. 24,722,000 bushels of oats, and 18,704,000 bushels of barley.

Wet-process corn grindings for domestic consumption increased seasonally in October to 6,021,000 bushels. The total grind from the 1934 crop was about 55,000,000 bushels compared with 70,000,000 bushels from the 1933 crop and 72,000,000 bushels from the 1932 harvest.

The large California supply of barley is moving into consumption at a fairly rapid rate. Barley exports from San Francisco in October were 571,700 bushels, which brings the seasonal total since June 1 up to 3,655,000 bushels compared with 2,248,000 bushels in the corresponding period last year and 2,531,000 bushels, 2 years ago. Continued heavy disappearance of feeding types of barley on farms is reported due to favorable feeding ratios and liberal substitution of relatively cheap feed barley for other feed grains and for commercial feedstuffs.

United States imports of corn in October were larger than in September but were much smaller than in August. Arrivals of corn at the Atlantic and Pacific Coast ports from September 26 to October 31, (5 weeks) totaled 3,621,000 bushels compared with 2,986,000 bushels imported in September and 8,534,000 bushels in August. No corn was received during the week ended November 7. Imports of oats and barley in October were negligible although 100,000 bushels of Polish barley were received at a central-western market in the first week of November. Arrivals of wheat for feed purposes were also smaller and totaled only 181,000 bushels in October compared with 812,000 bushels imported in September and 908,000 bushels in August. Nearly 132,000 bushels of Canadian feed wheat arrived at Buffalo in the first week of November. Argentine corn in store at New York was offered, duty paid, at 78 cents, while No. 2 Yellow domestic corn was quoted at 88 cents per bushel. Argentine corn for shipment from the accumulated stocks at San Francisco was offered at 81 cents per bushel with No. 2 Yellow quoted at 91 cents per bushel, delivered central California points.

Argentina may seed a larger corn acreage in 1935 than in 1934. The drought was apparently broken by the October rains and the seeding of the new crop has made good progress. Total stocks of corn in Argentina on October 15 were officially placed at 191,328,000 bushels. Local requirements, because of the drought, were about twice as large as average. Five months remain of the 1934-35 season and while exports are likely to be large during the rest of the season, the carry-over on March 31 will probably be much above normal.

A United States corn loan of 45 cents per bushel to eligible farmers on corn properly stored and sealed was announced by the Agricultural Adjustment Administration late in October. The loans are to be made only on corn which, if shelled, would grade No. 3 or better. Cribs will be sealed only if they are of such construction as will permit proper storage for a period of 2 successive years. The past two loans were made to producers in States which had uniform warehouse acts for storage of corn on farms. Under the 1933-34 corn loan program, 197,000 farmers in 10 States borrowed $120,500,000, collateralized by about 270,000,000 bushels of corn or at the rate of 45 cents per bushel. The money advanced to nearly 16,000 producers under the 1934-35 program amounted to $11,038,000 on about 20,067,000 bushels at a loan value of 55 cents per bushel. Because of the change in grade and crib requirements, it is unlikely that as much corn will be sealed in 1935-36 as in 1933-34, but more will be used as a basis for loans in 1935-36 than in 1934-35 when the crop was unusually short.

RICE

Prices of southern rough rice reached a seasonal low to date early in September and have advanced steadily since that date. Unfavorable harvesting weather, lateness of the crop, a small carry-over of old-crop rice, and prospects of continued exports were the principal influencing factors. Average quality Blue Rose was $2.75 per barrel in Louisiana on November 12 and in Arkansas $3.00-3.25. A month ago Louisiana Blue Rose was available at $2.10-2.25 per barrel. An average of a large number of sales of all

types of southern rice on October 3 was \$1.95 and on November 7 was \$2.90 per barrel. California rough rice prices did not advance as much as southern prices despite relatively smaller supplies on the West Coast. No. 1 paddy (yielding 50 percent of head rice) sold f.o.b. country points early in October at \$1.74 per barrel (1.07$\frac{1}{2}$ per 100) and on November 12 at \$1.83-1.94 per barrel (\$1.13-1.20 per 100).

Milled rice prices also advanced. Fancy Blue Rose at New Orleans was quoted on October 7 at \$4.00-4.15 and on November 12 at \$4.35-4.50 per 100. Extra fancy Japan was quoted at San Francisco October 7 at \$4.35 compared with \$4.55 on November 12. Based upon past relationships, milled rice prices appear high.

The indicated 1935 southern rough rice crop is 8,978,000 barrels (162 pounds each) compared with the 1934 outturn of 8,509,000 barrels. The estimate compared with a month ago shows a decline of 150,000 barrels, all of which was in Arkansas. Threshing was interrupted by rains in Texas and Arkansas, but harvesting is practically completed in Louisiana. It is estimated by the trade that 90 percent of the Arkansas Blue Rose crop still remained in the fields early in November. Despite the adverse weather conditions, mill receipts during the first 2 months of the season exceeded those for the same period last year. However, the growers, believing millers to be accumulating rice to take advantage of a possible adverse decision by the Supreme Court on processing taxes, were decreasing the rate of marketings.

The 1935 California crop was placed at 1,780,000 barrels (2,883,600 bags of 100 pounds each) making the total 1935 United States crop of 10,758,000 barrels compared with 10,638,000 barrels produced last year, and 11,949,000 barrels, the 5-year (1928-1932) average. While the November 1 estimate for California was increased over the September 1 figure, rains caused some field losses through lodging, and recent frosts resulted in moderate damage in northern sections where the crop is late. Threshing was about 90 percent completed early in November.

The movement of rice into domestic trade channels has been below that of a year ago, reflecting the heavy purchases in the last 4 months of the 1935-36 season. However, exports consisting mainly of southern rice, amounted to 13,165,000 pounds in October (September 30 to November 2) which brings the seasonal total since August to 25,515,000 pounds compared with only 14,089,000 pounds in the same period a year ago. The October shipments to Puerto Rico totaled to 12,000,000 pounds which makes a seasonal accumulation of 20,741,000 pounds against 46,778,000 pounds in the same months last year. California sent 9,000,000 pounds to Hawaii in October. Shipments to Hawaii this season are about as large as those in the fall of last year.

TOBACCO

Prices for flue-cured tobacco showed about the usual seasonal rise through the week ended October 26, followed by a decline as in other years. Auction warehouse markets opened August 1, and producers' sales for the season though November 9 totaled approximately 631,000,000 pounds at an average price of 20.8 cents per pound. This compares with 477,000,000 pounds sold to the same date last year at an average price

of 27.9 cents per pound. Prices for the 1935 crop have been much more uniform between belts than in previous years. Average prices for warehouse auction sales, by types to November 9 are as follows: type 11, 22.0 cents; type 12, 21.4 cents; type 13, 19.2 cents; and type 14, 19.0 cents per pound.

The average price for Maryland tobacco sold during the 10 months ended with October was 19.9 cents per pound. This compares with a price of 15.8 cents for the tobacco sold during the same months of the previous year and a 5-year average price for these months of 21.0 cents per pound. Prices in September and October, as in earlier years, were below prices for previous months. Maryland growers air-dry their tobacco on the farm prior to the time it is packed for shipment, and consequently sale occurs the year following the one in which the tobacco is grown.

Maryland tobacco is used by domestic manufacturers principally for its burning qualities. About 75 percent of it is used in the production of cigarettes and the remainder in the manufacture of smoking tobacco. Domestic consumption of this type for the 12 months ended with September 1935 was at a record high level. Exports, however, which formerly took the principal part of the crop, amounted to only 4,902,000 pounds compared with 9,605,000 pounds for the previous year and the 5-year average of 9,040,000 pounds. In recent years, the decline in exports more than offset the increase in domestic consumption. The change in demand for Maryland tobacco has caused large amounts of low grade tobacco, formerly exported, and for which there is now little demand, to accumulate in public warehouses. At the same time, the more desirable grades, which are used by domestic manufacturers, have sold at high prices.

POTATOES

Owing to the damage to the late potato crop caused by frost and freezes in the North Central and Western States, potato prices have advanced sharply during recent weeks. Since the November 1 report indicates that the crop losses were not as great as anticipated, potato prices may decline to a lower level. The United States farm price for the 1935-36 season probably will average about 70 cents per bushel compared with 47 cents for 1934-35 and 87.5 cents the present parity price. The preliminary estimate as of November 1, is for a United States potato crop of 354,000,000 bushels, a decrease of 12,000,000 bushels from the October 1 forecast. Shipments during recent weeks have averaged below those of a year ago, indicating thatgrowers are tending to hold back on sales until the season's price level is more definitely established.

The potato crop in the 30 late states is estimated at 282,405,000 bushels as of November 1 compared with 312,168,000 bushels in 1934 and 290,322,000 bushels the 1928-1932 average. Reports indicate that frosts and freezes caused reductions in crop prospects in most of the late-crop states. Potato production in the three eastern surplus late states is estimated at 81,284,000 bushels compared with 121,800,000 bushels the high record production in 1934 and 92,680,000 the 1928-1932 average. In the five central late surplus states the crop is estimated at 91,232,000 bushels or 5,000,000 below that of last year but about 2,000,000 above the average. In the 10 Western States the 1935 potato crop is indicated to be 71,324,000 bushels or 17,000,000 bushels more than in 1934 and about 1,000,000 above

the average. The 12 other late states have about an average crop totaling 38,565,000 bushels. The location of potato supplies this season is the reverse of that of 1934 in that the Eastern States have less than an average crop while the Western States have more than an average crop. This situation probably will cause the price margin between New York and Chicago to average considerably wider this season than in 1934-35 or about 60 cents per 100 pounds compared with 10 cents last year. Prices at New York advanced sharply in recent weeks partly because of the freeze damage to the late crop as a whole, and partly because of an adjustment to the short late crop in the East following the heavy supply marketed from New Jersey.

Owing to the rapid deterioration of the late crop, potato prices in central markets have advanced sharply during the last month with those in the eastern markets making the greatest gains. At New York l.c.l. prices advanced from an average of 93 cents per 100 pound sack in the first week of October to the relatively high level of $1.95 cents in the first week of November. Since the low point reached the third week in August potato prices have advanced about $1.30 per 100 sacks at New York. A year ago they averaged 98 cents. At Chicago the advance in prices began later than at New York and has not been so great. Prices of Round Whites rose from 80 cents per 100 pound sack (car-lot basis) to $1.25 during the last month; Red River Ohio's from 86 to $1.30; Red McClures from $1.25 to $1.75, and Russet Burbanks from $1.61 to $2.08. During the first week of November a year ago Round Whites averaged 82 cents while all varieties averaged $1.24.

Shipping point prices during the last month show much the same trend as market prices. Green Mountains at Presque Isle, Maine, have advanced from the season's opening price in late September of 50 cents per 100 pound sack f.o.b. to $1.42 in the first week of November. Growers were receiving $1.75 to $2.00 bulk per barrel at the warehouse during the first week in November compared with 45 to 60 cents during the first week of October and 40 to 45 cents a year ago. At Rochester, New York, Round Whites advanced from $1.00 per 100 pound sack f.o.b. to $1.35 during the last half of October and the first week of November. Growers were receiving 92 cents bulk per 100 pounds compared with 67 cents the season's opening price in the middle of October and 32 cents a year ago. F.o.b. prices, Benton Harbor, Michigan (Cadillac rate) rose from 75 cents per 100 pound sack to $1.15 during the last month, while prices to growers at leading points advanced from 52 to 72 cents bulk per 100 pounds. A year ago Michigan growers were receiving 30 cents. At Waupaca, f.o.b. prices for Round Whites during the first week of November averaged about $1.00 per 100 pound sack compared with 55 cents a month earlier. Wisconsin growers were receiving 50 to 75 cents bulk per 100 pounds in early November against 30 to 40 cents in early October and 35 cents a year ago. Idaho Russet Rurals advanced from 62 cents f.o.b. 100 pound sack, the first week in October to $1.25 the corresponding period in November. During the same period cash to grower prices rose from 42 cents bulk outweight sacked per 100 pounds to $1.05. A year ago growers were receiving 55 to 65 cents.

On October 15, 1935 the United States farm price of potatoes averaged 46.1 cents per bushel compared with 48.4 cents in September, 49 cents in October 1934, and the 1909-1913 October average of 65 cents.

APPLES

Owing to the larger supply of apples available this season, prices generally are lower than at this time a year ago. Prices this season to date have been declining seasonally but, as is usually the case with crops as large as the present one, apples probably have passed the low point of the season. They may be expected to rise during most of the remainder of the present marketing year. This is particularly true, if the export market continues to take a sizeable volume of apples during the remainder of the marketing year. Based upon present crop indications, the crop-year average price for the United States as a whole, probably will be between 75 and 80 cents per bushel, compared with 91 cents for the 1934-35 season. In the Atlantic Coast States the crop-year average probably will be around 83 cents, against $1.02 in 1934-35; in the Central States 85 cents, against 99 cents last season, and in the West 74 cents per bushel, compared with 77 cents for the 1934-35 season.

Recent reports indicate that the apple crop is relatively small in most European countries and probably will be sold out earlier than usual. Canada has a crop slightly larger than that of last year, but recent reports indicate that the export movement has been brisk. Therefore, it is probable that American apples will meet with less competition during the late winter and spring months. Exports from the United States started the season in good volume, but prices received have been relatively low.

The 1935 apple crop is estimated at 168,465,000 bushels, compared with 120,670,000 bushels in 1934 and 161,333,000 bushels the 1928-1932 average. Production this year is larger than last year in all areas except the South Central States and larger than the average crop in all areas except the North Atlantic, South Central, and Western States. Production in the Atlantic Coast States is estimated at 69,558,000 bushels, against 44,817,000 bushels in 1934 and 67,895,000 bushels the 1928-1932 average. The Central States, including both North and South Central, have a total apple crop of 43,827,000 bushels, or about 19,000,000 more than in 1934 and 8,600,000 bushels above average. In the West, the apple crop totals 55,080,000 bushels, compared with 51,225,000 in 1934 and 58,177,000 bushels the average for 1928-1932.

Although the total apple crop appears large this season, the commercial crop of 95,756,000 bushels is below average but larger than that of 1934. The Atlantic Coast States have about an average commercial crop, while the Western States have about 17 percent less than average. In the Central States the commercial crop is about 39 percent above average.

Prices of eastern apples at New York averaged 89 cents per bushel (l.c.l. basis) in October, compared with 84 cents in September and $1.54 a year ago. On the auction market, Washington Extra Fancy Delicious averaged $1.86 per box in October 1935, compared with $1.98 for the same month last year; Jonathans $1.49, against $1.56; Spitzenbergs $1.79, against $1.88; Rome Beautys $1.78, against $1.81, while Starkings averaged $2.13, compared with $1.91. By November 8, all auction prices had risen slightly. Washington Delicious were up to $1.98 and Spitzenbergs to $1.97 per box.

The United States farm price of apples averaged 64.3 cents per bushel on October 15, 1935, compared with 69.3 cents in September 1935; 84.4 cents in October 1934, and 72.5 cents the 1909-1913 October average.

Car-lot shipments of apples in the United States this season to date have been heavier than in the corresponding period last year. The Western States, however, have shipped less, - only 13,746 cars by November 2, against 19,386 to the same time last year, while the Eastern and Central States have shipped 15,954 cars, compared with 13,128 to early November 1934.

On November 1 about 29,728,000 bushels of apples were in cold storage in the United States, compared with 31,224,000 bushels a year ago and 27,899,000 bushels the 1930-1934 average for November. The decrease in cold storage holdings is due largely to the smaller quantity placed in storage in the Western boxed-apple States, as the into-storage movement in the East has been larger than that of 1934. Cold storage holdings usually reach a seasonal peak by December 1. The largest holdings on that date on record were the 34,197,000 bushels in 1931. In 1934 the December 1 holdings totaled 30,983,000 bushels.

HOGS

Hog prices declined seasonally through October and early November, with the greater part of the decline occurring in the second half of October. In view of this sharp drop in hog prices in September and October it is probable that prices early in November were down about to the seasonal low point and that further declines will be small. Because of the relatively large proportion of the winter slaughter that will take place after January 1, the seasonal advance in prices in the late winter is likely to be small and may not occur.

The weekly average price of hogs at Chicago declined from $10.97 per 100 pounds the last week in September to $10.22 the first week in October and then held fairly steady until a further decline of about $1 occurred in the last 2 weeks of October. The average of $9.08 during the first week of November was only slightly below that of the closing week of October. The October average at Chicago was $9.83 compared with $10.95 in September and $5.60 in October last year. Price declines at Missouri River markets in recent weeks have been somewhat greater than those at Chicago.

Hog slaughter under Federal inspection increased seasonally from September to October. The total of 2,135,000 head for October was 42 percent larger than that in September but was 40 percent less than the October total of last year. The percentage decrease from a year earlier is about in line with that of other recent months. Average weights decreased somewhat during October although not as much as they usually do. The average at the seven leading markets was 242 pounds compared with 250 pounds in September, 216 pounds in October last year, and 233 pounds the 5-year October average (1929-1933).

Corn prices declined relatively more than hog prices during October with the result that the hog-corn price ratio rose from 12.4 in the first week of October to 14.5 the first week in November. In November 1934 the ratio was 7.0.

Prices of fresh pork dropped sharply in October and prices of lard also weakened, but prices of cured pork held mostly steady. The composite wholesale price of all hog products at New York was $24.60 per 100 pounds in October compared with $25.81 in September and $16.82 in October last year. The index of retail prices of hog products in New York on October 31 was 103.2 compared with 105.0 on September 30, and 69.4 on October 31, 1934 (1924-1928 = 100).

Storage stocks of hog products declined seasonally during October but the decrease was much less than average. Pork stocks, however, were reduced more than in October last year and the total of 240,000,000 pounds on November 1 was the smallest ever reported. It was 52 percent less than the amount reported a year earlier and 45 percent smaller than the 5-year November 1 average. Pork stocks usually increase after November 1 until sometime in the spring of the following year. Lard stocks on November 1, totaling 40,000,000 pounds were 62 percent smaller than the relatively large stocks reported on November 1, 1934 and were 42 percent smaller than the 5-year average for the month.

Exports of hog products continued to decline during September following the sharp reductions earlier in the year. Pork exports during the month were about 31 percent smaller than in August and less than half as large as in September last year. Lard exports were the smallest for any month in more than 50 years, and the total of 142,000,000 pounds in the 1934-35 hog marketing year was 73 percent smaller than in the 1933-34 year and the smallest in the last 35 years at least.

Hog slaughter during the 3 months, November to January, is expected to be considerably smaller than that of a year earlier, but average weights will be heavier. During most of the 11 months after January hog slaughter is expected to be somewhat larger than in the corresponding period of the previous year, but will be much smaller than in other recent years.

CATTLE

The continuing high level of cattle prices during October in face of a sharp decline in hog prices, and large slaughter supplies of cattle, calves and lambs, points to a strong consumer demand for beef. While some seasonal decline in prices of better grade steers may occur during the early months of 1936, as a result of the increased supplies of fed cattle, a continuing short supply of hogs and reduced supplies of other cattle and improving consumer demand is expected to prevent any considerable decline in the general level of cattle prices from that now prevailing.

The general range of slaughter cattle prices was well maintained during October at levels prevailing at the end of September. There were considerable short-time fluctuations in prices of some grades in some weeks but the weekly averages showed little changes, although the general tendency was for prices of better grades to strengthen somewhat following some weakness about the middle of the month. Prices of stocker and feeder cattle also were strong during most of the month, but declined somewhat late in October and early in November. Veal calf prices, after reaching the highest peak of the year to date early in October, declined somewhat

during the month. The average monthly price of beef steers at Chicago for October was $10.38, compared with $10.36 for September and $7.48 for October 1934. The October 15 average farm price of beef cattle was $6.24 compared with $6.41 for September, $3.96 in October 1934, and $5.09 the pre-war October average.

Supplies of cattle in October continued large. Receipts at seven leading markets were 2 percent larger than commercial receipts in October 1934 and 5 percent above the 5-year October average. Inspected slaughter of 1,083,000 head was 10 percent larger than commercial inspected slaughter in October 1934, 30 percent larger than the 5-year October average, and was the third largest for the month on record. Slaughter of calves of 541,000 head was 2 percent smaller than commercial slaughter in October 1934, but was 19 percent larger than the 5-year October average and was second largest for the month on record. As in other recent months, the slaughter supply in October included a relatively large proportion of cows from all areas and relatively large numbers of all kinds of cattle from the Southern States. The receipts of beef steers at Chicago in October were the smallest for the month in the 14 years of record and the number of choice and good steers was the second smallest for the month.

In addition to the heavy slaughter during October there were also fairly large shipments of stocker and feeder cattle from stockyards markets into the Corn Belt States, which included an unusually large proportion of calves and cows and heifers. For the 4 months, July to October, this year such shipments were 5 percent larger than in 1934 and above the 5-year average. A heavy movement during October of stockers and feeders through large scale auction markets in the Western Corn Belt, and also direct to feed-lots not going through any market is also reported. A considerable increase in cattle feeding during the coming winter and spring both in the Corn Belt and in most feeding areas outside the Corn Belt is in prospect.

LAMBS

The improvement in lamb prices which occurred in October is expected to be fairly well maintained until the end of the year and a further advance is likely during the early part of 1936.

Prices of slaughter lambs strengthened during October and for the month as a whole were at the highest level of the year, although not reaching as high a peak as in early September. The top price reached during the latter part of the month was $10.00, which was the highest price for October since 1929, and was $3.00 higher than in October 1934. Price fluctuations from day to day were rather wide, reflecting changes in supplies and in prices of dressed lamb. Shorn fed lambs sold at a relatively large discount under wooled lambs compared with a year earlier as a result of the higher and advancing wool prices. Prices of feeder lambs changed little during the month and continued high in relation to slaughter lamb prices. The October 15 average local price of lambs was $7.38 compared with $7.23 September 15, $4.81 October 15, 1934, and the pre-war price for October of $5.35. Prices of slaughter ewes made a further advance in October, reaching $5.00 early in November, which was double the top a year earlier.

Supplies of lambs and sheep continued large during October. Receipts at seven leading markets were 2 percent larger than commercial supplies at these markets in October 1934, but 13 percent below the 5-year average. Inspected slaughter of 1,765,000 head was 7 percent larger than commercial slaughter in October 1934, 4 percent above the 5-year October average, and the second largest for the month on record. For the first 6 months of the current lamb marketing year, May to October, the total inspected slaughter was the largest for the period on record, not including sheep slaughtered for Government account in 1934. Records of market receipts and of slaughter indicate that the slaughter supply of the current year contained a considerably larger proportion of sheep than for some years.

Information available about November 1 indicated that the decrease in lamb feeding this year from last might be smaller than seemed probable a month earlier. There was a relatively heavy movement of feeder lambs into feed lots in Colorado and other Western States in October and at the beginning of November it looked as if lamb feeding in the Western States would be on about as large a scale this year as last. The principal decrease in feeding of Western lambs this year is expected to be in farm feeding in Iowa, wheat-field feeding in Kansas and Oklahoma and feeding generally at commercial feed lots in the Corn Belt. In addition there will probably be some decrease in the number of native lambs fed in the Eastern Corn Belt. In general feeder lambs have been heavier and in better condition this year than for several years and will require a shorter feeding period than last year.

BUTTER

Butter prices made somewhat more than the usual seasonal rise from September to October, and a further seasonal rise in prices during the remainder of the year is in prospect. Prices during the first quarter of 1936, however, will probably not average as high as in the same period of 1935 when production was unusually low. Butter production in September was somewhat less than a year earlier but decidedly above average. Production during the coming winter will probably be larger than a year earlier. Apparent consumption of butter in September showed a marked increase over the same month of 1934. Stocks, although larger than a year ago, are not excessive compared with other years.

The price of 92-score butter at New York in October averaged 28.1 cents. This was 2.0 cents higher than in September and 1.2 cents higher than a year earlier. The rise from September to October was somewhat greater than the usual seasonal rise and the index number of butter prices adjusted for seasonal variation rose from 85 in September to 89 in October (1910-1914 = 100). With the general level of wholesale commodity prices at 118 percent of pre-war in October, butter is cheap compared with other commodities.

The farm price of butterfat in mid-October of 25.9 cents was 1 cent higher than a month earlier and 1.6 cents higher than in October 1934. The farm price of butterfat in October was equivalent to 23.3 pounds of feed grains. This was the highest price of butterfat in relation to feed grains in 19 months, but was decidedly less than the 1925 to 1929 October average of 32.4 pounds. The butterfat feed price

relationship during the coming winter will be more favorable for dairying than during the past winter. Larger feed supplies per animal unit and a more favorable price relationship for feeding indicate larger production during the coming winter than during the winter of 1934-35. Prices of butterfat, however, are low compared with meat animals. This price relationship is tending to reduce dairy production where shifts to meat animal production are easily made.

Production of creamery butter in September of 141,000,000 pounds was 2 percent less than a year earlier, but 8 percent above the 5-year average for September. The decline in production from August to September was decidedly less than usual, and the index of production adjusted for seasonal variation (1925-1929 = 100) rose from 109 in August to 119 in September. In the East North Central States September production was approximately the same as a year earlier, but in the West North Central States production was 3 percent less than in September 1934.

Apparent consumption of creamery butter in September of 149,000,000 pounds was 7 percent larger than a year earlier and the largest on record for the month. The increase was due only in part to a larger government distribution of butter for relief. Trade output through regular commercial channels increased 6 percent. Retail prices were practically unchanged from a year earlier.

Cold storage holdings of creamery butter on November 1 of 120,000,000 pounds were 9,000,000 pounds larger than a year earlier. On October 1 storage holdings were 24,000,000 pounds larger than a year earlier. The net out-of-storage movement in October was about twice as large as in October 1934. Thus consumption of butter in October was probably considerably larger than in October 1934.

Prices of New Zealand butter in London declined sharply in the past month. This is partly a seasonal decline as the Southern Hemisphere countries are at the beginning of the season of flush production. On November 7 the margin between 92-score butter at New York and New Zealand butter in London was about 8 cents.

CHEESE

Cheese prices usually reach a seasonal peak in October. But with total milk production in early November less than a year ago and prospects for higher butter prices, cheese prices during the coming winter are likely to average higher than a year earlier. Cheese production is unusually large and stocks are heavy. Consumption, however, has been the largest on record and estimated consumer expenditures for cheese have been decidedly larger than in 1934.

The price of cheese (twins) on the Wisconsin Cheese Exchange in October averaged 14.2 cents, about the same as a month earlier, but 2.8 cents higher than in October 1934. In early November the price advanced to 15.0 cents a pound. A seasonal peak in prices usually comes in October with relatively little seasonal change from October to January.

Cheese production continues unusually heavy; September production was 20 percent above the previous high for the month in 1934 and 40 percent above the 5-year average for the month. American cheese production in Wisconsin in September was a third larger than a year earlier, and all of the important producing sections showed marked increases over the same month of 1934. High prices of cheese in relation to butter have resulted in high production of cheese compared with butter.

The trade output of cheese in September of 54,000,000 pounds exceeded the same month of 1934 by 11 percent and the 5-year September average by 19 percent. Retail prices of cheese in September were 5 percent higher and estimated consumer expenditures for cheese were 18 percent larger than in September 1934 and the highest for the month since 1930. Consumption of cheese during the winter of 1935-36 will probably be considerably larger than in the previous winter.

Cold storage stocks of American cheese on November 1 were 100,700,000 pounds compared with 102,800,000 a year ago and the 5-year average of 84,000,000 pounds.

Imports of cheese in September were about 10 percent less than a year earlier, but total imports for the year are about the same as in 1934.

WOOL

Steady to higher wool prices are expected in this country in the next few months in view of reduced available supplies of domestic wool, the decrease in world wool production in 1935, and the strong demand for wool in foreign markets. Wool prices advanced in the United States and in foreign markets in October, and domestic prices are now close to an importing basis for many grades of wool. Because of the very high consumption in this country thus far in 1935 and the reduced available supplies of wool it is probable that increased imports will be necessary before the beginning of the new domestic wool season (April 1, 1936). United States buying in foreign markets in the next few months would tend to strengthen further the foreign price situation.

Present prospects indicate a reduction in available supplies of wool for international trade channels during the season 1935-36. Available supplies for disposal in the four principal Southern Hemisphere countries are now estimated at 1,932,000,000 pounds, a decrease of 6 percent compared with a year ago. These four countries furnish about 90 percent of the world's wool exports. Wool production in the four Southern Hemisphere countries in 1935 is estimated at 1,796,000,000 pounds, a decrease of 4 percent from 1934. The carry-over of wool in the Southern Hemisphere countries was approximately 30 percent smaller than a year ago. In 20 Northern and Southern Hemisphere countries reporting so far in 1935 production is estimated at 2,546,000,000 pounds, a decrease of 3 percent from 1934. These 20 countries produce about four fifths of the world total exclusive of Russia and China.

Prices of most grades of wool on the Boston market advanced in October and the early part of November. Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 83.5 cents a

pound, scoured basis, for the week ended November 9 compared with 79.5 cents for the week ended October 12. At the low point in April this wool averaged 65.8 cents a pound. Territory 56s were 72.5 cents a pound, scoured basis, in the week ended November 9 compared with 68.5 cents a month earlier and 54 cents in April. The United States average farm price of wool as of October 15 was 21.3 cents a pound compared with 20.9 cents on September 15, 16.2 cents on April 15, and 19.3 cents on October 15, 1934.

The consumption of apparel wools in the United States decreased rather sharply in September, but was almost four times as large as in September 1934 when the industry was hindered by the strike of textile workers in many centers. The Bureau of the Census reports that the weekly average consumption of such wool in the 5 weeks ended September 28 was 5,799,000 pounds, scoured basis, compared with 6,648,000 pounds in August and about 1,600,000 pounds in September 1934. Consumption from January to September of this year was 405,366,000 pounds of shorn wool, greasy shorn basis, and 70,164,000 pounds of pulled wool, greasy pulled basis. This total is well above the estimated production of shorn and pulled wool for the 1935 season. Consumption on a scoured basis in the first 9 months of 1935 was 90 percent greater than in the same months of 1934 and was larger than in the corresponding period of any year since 1923.

Reports indicate that mill activity was well maintained in October. New Government contracts for wool shirting and suiting for the army are to be awarded in the latter part of November. These orders will help to maintain mill activity in the next few months.

United States imports of apparel class wool in the first 9 months of 1935 were 15,347,000 pounds compared with 18,082,000 pounds imported in the same months of 1934. Imports since May, however, have been larger than in the same months of 1934. The increase in imports in the third quarter of this year was contrary to the usual seasonal movement.

COTTON

Domestic cotton prices rose in October and the first part of November, making the 10-market average price of Middling 7/8 inch on November 13 nearly 1 cent higher than a month earlier. This advance was due to a continued improvement in demand as reflected in comparatively heavy sales by manufacturers, a substantial increase in consumption of American cotton in the United States and Europe, and a decline in domestic crop prospects. The price of American relative to most foreign growths was lower than in September and October of 1934, which will probably result in a further increase in consumption and exports of domestic cotton over last season. Domestic consumption of cotton in October was the largest for the month since 1929 and will probably be fairly well maintained for the next few months.

The 10-market average price for Middling 7/8 inch cotton, after a slight recession in the middle of October, moved upward to a monthly average price of 10.96 cents compared with an average price of 10.48 cents in September. This advance continued irregularly from the middle of October and reached a high of 11.80 cents on November 12. The average price paid producers in October was 10.9 cents compared with 10.6 in September

and 12.5 in October a year ago. During the decline in the first half of October, spot prices did not recede as much as futures contracts, and during the advance in the last half of the month and the first part of November, prices of spot cotton advanced more than contract cotton. This reflects a relatively strong demand for spot cotton. The price of American Middling 7/8 inch in Liverpool advanced at a slower rate than did most other foreign growths during October. The price of Brazilian Sao Paulo Fair was higher in recent weeks relative to American Middling than at any time since December 1933. Despite the indication of a sharply increased Indian crop, the prices of three grades of Indian relative to American Middling and Low Middling are also higher than at any time since the 1932-33 season. The pressure of an unexpectedly large Egyptian crop has caused a relative and actual decrease in the price of Uppers since the beginning of the 1935-36 season. Peruvian good Tanguis is higher relative to American than in any month since October 1934.

Domestic cotton consumption in October is estimated by the Bureau of the Census at 552,000 bales, an increase of 23 percent over September, about 6 percent larger than October last year and the largest consumption for the month since 1929. Consumption for the first 3 months amounted to 1,410,000 bales, which was 173,000 larger than in the first 3 months of last season but about 11 percent smaller than for the same period in 1933-34. Mill activity in early November appears to have been maintained at relatively high levels. A fair reserve of unfilled orders, an apparent maintained demand for industrial fabrics, and the outlook for an increased consumer purchasing power owing to expansion of industrial operations and prospects for larger agricultural income will probably maintain the position of most mills for the next few months. The average gross margin between the wholesale price of cotton goods and the estimated cost of an equivalent amount of raw cotton (including the processing tax) in October increased over September and was somewhat higher than in October 1934, but probably narrowed somewhat in early November owing to an advance in cotton prices.

United States exports of cotton in October amounted to 712,000 bales, an increase of 16 percent over October 1934, but 32 percent less than in October 1933, according to data released by the Bureau of the Census. Total exports through October exceeded exports for the same period last season by nearly 10 percent but were 33 percent less than the average for the 10 years ended 1932-33. Exports to Great Britain are more than double those of a year ago and account for 26 percent of total exports to date compared with a 10-year average of slightly over 20 percent for the 3-month period ended October 31. Spinning mill activity in Great Britain is reported to be at a higher rate than in any period since the pre-depression years and American cotton, priced more favorably relative to foreign growths than a few months ago, is getting the benefit of it; forwardings of American cotton to British mills in early November exceeding forwarding of foreign cotton for the first time in many months. Exports to France, Germany, and Belgium also exceeded those of a year ago. Forwardings of American cotton to mills of the Continent are running somewhat higher than last year and the demand appears to be well maintained.

Although there has been a recent decline in exports of Japanese cotton goods due to increasing tariffs against Japanese cotton textiles and port stocks of American cotton in Japan are low, it is expected that consumption of American in 1935-36 will compare favorably with that of last season.

The 1935-36 domestic crop forecast as of November 1 was 11,141,000 bales, a further reduction from early estimates, and about 320,000 bales less than that of October 1. A late season, recent unfavorable weather, and general rains combined with early frosts in the northwestern Cotton Belt account largely for the decrease in yields and apparently contributed to the large percentage of low grade and untenderable cotton as compared with last season. Total foreign production will show a substantial increase for the third consecutive year, the present estimate being 850,000 bales, or 6 percent larger than the previous record crop of last season and 33 percent larger than the average for the 10 years ended 1932-33. Increased production in India, Russia, Brazil, Egypt, and a few minor countries is expected to be only partially offset by declines in China, Mexico, and a few small producing countries where unfavorable weather has resulted in smaller crops. The total supply of foreign growths is expected to be about the same as the record supply of last season but about 27 percent larger than the 10-year average. With world production of all growths for 1935-36 roughly estimated at 26,000,000 bales, and a carry-over of 13,600,000 bales, the world supply is estimated at 39,600,000 or less than 1 percent smaller than that of last season.

Business statistics relating to domestic demand

Year and month	Industrial production 1/ (1923 - 1925 = 100)	Factory payrolls 2/ (1923 - 1925 = 100)	Factory employment 2/ (1923 - 1925 = 100)	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914 =100	Commodity prices: United States: Wholesale 4/ 1926 = 100	Commodity prices: Foreign 5/ In foreign currency (1926 = 100)	Interest rates 6/	Industrial stock prices 7/
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
Sept.	71	58	76	103	113	78	70	.88	90
Oct.	73	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.81	106
May	85	68	81	108	117	80	70	.75	114
June	86	66	80	104	116	80	69	.75	117
July	86	65	80	102	116	79	69	.75	123
Aug.	87	70	82	106	118	80	70	.75	127
Sept.	88	72	84	107	118	81	70	.75	132
Oct.				109	118	81		.75	135

1/ Federal Reserve Board index, adjusted for seasonal variation .
2/ Bureau of Labor Statistics indexes, without seasonal adjustment
3/ Bureau of Agricultural Economics, August 1909-July 1914=100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - - 0 - - - -

152P

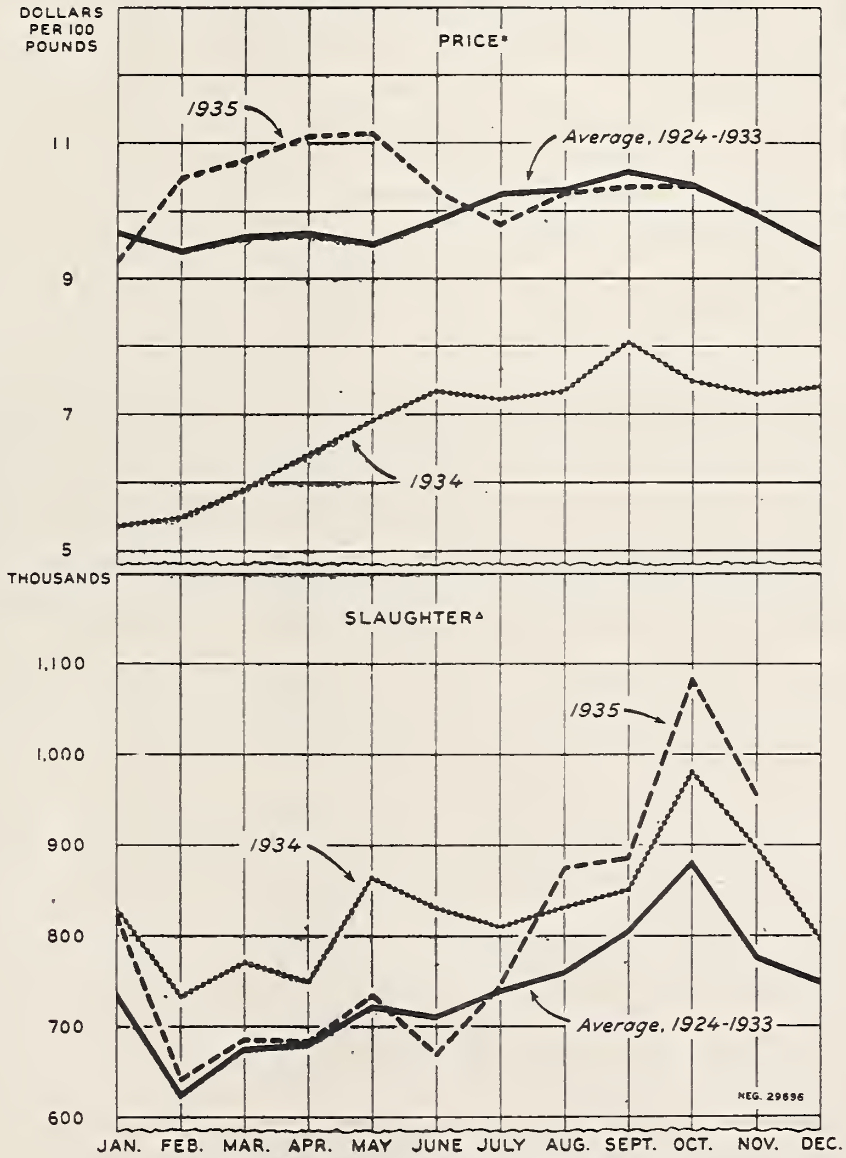
The PRICE SITUATION

DECEMBER 1935

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON

CATTLE: PRICE AT CHICAGO, AND FEDERALLY INSPECTED SLAUGHTER, AVERAGE 1924-1933 AND 1934 TO DATE



*BEEF STEERS, ALL GRADES SOLD OUT OF FIRST HANDS
▲EXCLUDES CATTLE PURCHASED FOR SLAUGHTER FOR FEDERAL SURPLUS RELIEF CORPORATION, 1934 AND 1935

PRICES OF ALL CLASSES AND GRADES OF CATTLE HAVE BEEN HIGHER IN 1935 THAN IN 1934 AND OTHER RECENT YEARS, CHIEFLY BECAUSE OF THE IMPROVEMENT IN THE DEMAND FOR MEATS, AND THE SHORT SUPPLIES OF HOGS. COMMERCIAL SLAUGHTER SUPPLIES OF CATTLE IN THE FIRST HALF OF 1935 WERE SMALLER THAN IN 1934, BUT WERE ABOUT EQUAL TO THE 10-YEAR AVERAGE. SINCE JULY OF THIS YEAR CATTLE SLAUGHTER HAS BEEN LARGER THAN LAST YEAR AND LARGER THAN AVERAGE. WITH PRICES OF CATTLE RELATIVELY HIGH AND SUPPLIES LARGE IN 1935, INCOME TO PRODUCERS FROM CATTLE MARKETINGS HAS BEEN GREATER THAN FOR SEVERAL YEARS.

FARM PRICES

Market prices indicate that the general level of farm prices in mid-December is about the same as or a little higher than in mid-November. The present outlook as to supplies and consumer purchasing power indicates that farm prices may average near the present level during the next few months. In the past month prices of meat animals, dairy and poultry products, fruits, and some truck crops have increased, whereas prices of corn, tobacco, and some other products have declined. Wheat prices, after a slight downward trend for several weeks, advanced sharply on December 13 owing to the fixing of a minimum price in Argentina. The lateness of the corn crop and unfavorable harvesting weather slowed down the decline in corn prices in recent weeks; the oats and barley price situations are relatively stronger than that of corn. Burley tobacco markets opened in early December with prices a little higher than a year ago. Potato prices weakened slightly in the latter part of November but some of this loss was recovered in early December. Cotton prices have reacted somewhat following their sharp rise in the middle of November. But domestic cotton consumption has continued at a higher level, and exports of cotton have been considerably higher, than a year ago.

Hog prices recovered considerably in November and although prices may show some further improvement or hold near present levels in the coming weeks, some recession is not unlikely in the late winter when increased marketings are to be expected. Cattle prices in recent weeks have recovered from their previous decline despite large market receipts. Cattle feeding this winter is expected to be larger than a year earlier. Lamb prices in November were at the highest level in over 5 years. Butter and egg prices have probably reached their seasonal peak, which usually occurs in December, and a seasonal decline in the price of these important food products may be expected. Wool prices have been advancing since last April and domestic wool consumption has been increasing steadily since September 1934. This is about the longest period of increasing wool consumption in the 18 years for which data are available.

The general level of farm prices in mid-November was 108 percent of the pre-war average compared with 109 in October and 101 in November 1934. The general level of prices paid by farmers in November is estimated at 122 percent of the pre-war average, which is 1 point less than a month earlier and 4 points below the level of a year earlier. With the rise in prices received and the decline in prices paid by farmers during the past year, the exchange value per unit of farm products has risen from 80 to 89 percent of the pre-war level.

Income from farm marketings in October, after allowing for the usual seasonal changes, was the highest for any month since July 1934. Income from farm marketings apparently made about the usual decline from October to November, and it now seems likely that the decline in farm income from October to April will be no greater than usual.

WHOLESALE PRICES

Wholesale prices in the United States by early December had advanced over 1 percent from the recent low point in early November and on December 7, were over 118 percent of the 1910-1914 average. Prices of foods since early November showed the greatest increase of the 10 commodity groups, with a recent substantial rise in prices of fruits and vegetables (3.1 percent) and meats (2.3 percent). The rise in farm products in early December was confined largely to livestock and poultry.

New highs for the year were recorded in late November and early December for prices both of nonagricultural commodities and of all commodities other than farm products and foods. The rise in prices from early November to early December in textiles, fuel, metals, and house furnishings more than offset slight declines in hides and leather, building materials, chemicals, and miscellaneous products.

A recent rise in wholesale prices has been general throughout the major foreign countries. Prices in Italy on November 6 were 30 percent above the low point in July 1934. No recent prices or related economic information has been forthcoming from Italy. The price rise in Germany in November was due chiefly to an increase in prices of all the agricultural product groups as well as of textiles, hides and leather, Germany has experienced a gradual price rise since last spring. In England, the price increase has been more pronounced, with an advance of over 7 percent since the low point in late June. Prices in France, too, have risen fairly rapidly, increasing nearly 6 percent from the recent low in August. Canadian prices have risen throughout November. Prices in Japan, which have moved upward since July, increased more sharply in September (3 percent) and again in October (3 percent), owing to the rise in prices of metals and agricultural products, particularly raw silk.

Since the nationalization by China of all silver stocks in early November the value of the Chinese dollar in terms of United States currency has declined 16 percent. Suspension of the silver standard by China has resulted in a large liquidation of silver stocks throughout the world. Available data indicate that commodity prices in China advanced in recent weeks, especially for cotton, silk and China wood oil, whereas prices of antimony and tungsten, both Chinese metals, were reported unchanged.

The combined index of wholesale prices in the currencies of eight important foreign commercial countries, after a 2-year period of relative stability at between 69 and 70 percent of the 1926 average, advanced to 72 percent in October, with all eight countries showing increases over prices for September.

BUSINESS CONDITIONS

The continued improvement in industrial activity in recent months has been accompanied by an increase in the demand for farm products and present indications are that farmers' income in the first quarter of 1936 will be somewhat higher than in the same period of 1935. When the usual seasonal variation is considered the general level of industrial output in the first half of December was the highest since the spring of 1930, with the exception of July 1933. The general improvement in industrial activity during November was evidenced by the gradual increase in steel production and by the greater than usual seasonal increase in electric power production, especially in the industrial areas. Preliminary indications are that employment and payrolls made less than the usual seasonal declines from October to November and that about the usual pre-holiday expansion occurred in retail trade.

The earlier introduction of 1936 models by the automobile industry has been an important factor in the marked improvement in business activity in the past 3 months and while some allowance has been made in the seasonally adjusted indexes for the shift in automobile output, it is possible that a part of the increase in business activity in recent months has been due to industrial output which in past years would normally have occurred in the early months of the following year. It is therefore possible that even though the actual volume of production continues to increase in the first quarter of 1936, the seasonally adjusted figures of industrial activity may show some decline.

Steel mill activity declined slightly the first week in December, but the demand for steel from the automobile industry and miscellaneous users has been well maintained and purchases by railroads have increased so that the decline in output in December may be less than usually occurs during the holiday season. The daily rate of construction awards for utility and non-residential buildings increased during November in contrast to the usual seasonal decline and although residential awards declined more than seasonally the level of total building contracts awarded continues to be substantially larger than last year. The output of wool textiles has been at almost record levels in recent months and activity in the cotton and rayon textile industries in November was somewhat above a year ago. Silk consumption declined from October to November to somewhat below the level of a year earlier.

The trend in retail sales from October to November varied considerably for different classes of commodities. The decline in the Federal Reserve Board's seasonally adjusted index of department store sales in October was partly regained in November when it averaged 80 percent of the 1923-1925 average compared with 77 in October and 74 in November a year ago. Retail sales of automobiles increased sharply in response to the early introduction of new models. Variety store sales also made slightly more than the usual seasonal increase. On the other hand, retail sales in small towns and rural areas and by mail order houses declined from October to November after the usual seasonal adjustment. However, the increase in sales by these agencies from September to October was much greater than usual so that sales in November compared favorably with those of earlier months.

The improvement in industrial activity in foreign countries in recent months has been much less noticeable than in the United States. Industrial activity in the United Kingdom and its Dominions has been well maintained or improved slightly in recent months. In France political uncertainty and a heavy drain of gold has led to further declines in business activity. Activity in Italy and Japan has been stimulated by the manufacture of war materials.

WHEAT

Wheat prices in the United States, reflecting the Liverpool market, declined during the first part of December, offsetting a gain made during the last half of November. On December 13 prices rose sharply following the announcement of a new minimum price for Argentina. Wheat prices for the remainder of the season will be largely influenced by the manner in which Canada carries out its marketing program.

The United States average farm price of wheat in mid-November was 88.7 cents. A month earlier it was 96.3 cents and a year earlier 88.1 cents per bushel. The average price for the week ended December 7 of No. 2 Hard Winter at Kansas City at $1.09, No. 2 Red Winter at St. Louis at $1.02 and No. 2 Hard Amber Durum at Minneapolis at $1.08 were 5, 3, and 6 cents lower, respectively, than 2 weeks earlier and 2 cents each lower than a month earlier. No. 1 Dark Northern Spring at Minneapolis at $1.28 for the week ended December 7 was 3 cents lower than for the week ended November 23 but 1 cent higher than that of November 9.

Recent prices of No. 1 Dark Northern Spring average about 11 cents higher than a year ago and No. 2 Hard Winter 2 cents higher. Hard wheat prices are relatively higher than in 1934 owing to the fact that the United States is on an import basis this year for good quality hard wheat for milling purposes. On the other hand, the price of No. 2 Hard Amber Durum is 30 cents less than a year ago because supplies this year are ample, whereas last year it was necessary to import this type of wheat. The price of No. 2 Red Winter at St. Louis is 3 cents lower than a year ago, reflecting the increased supplies of soft wheat this year compared with 1934. Prices of No. 2 Hard Winter wheat at Kansas City in the first week in December were 20 cents over Liverpool December futures compared with 21 cents a month ago and 35 cents in the first week in December in 1934.

The 1935-36 world wheat crop is now estimated at 3,485,000,000 bushels compared with 3,470,000,000 bushels in 1934-35 and an average of 3,764,000,000 bushels for the past 5 years. Very little change has been reported in the estimates of the Northern Hemisphere countries in the past month. The North American total is 13 percent and the European crop 0.6 percent above last year. An increase of nearly 50,000,000 bushels is reported by the countries of the Danube Basin but smaller corn and potato crops in these will influence exports of wheat from this region. The estimate of the Australian crop has been

increased from 135,000,000 to 140,000,000 bushels. No official estimate of the Argentine crop is available but conditions would seem to indicate a production of about 150,000,000 bushels compared with 241,000,000 bushels last year. A record crop of approximately 20,000,000 bushels is indicated in the Union of South Africa by the first preliminary forecast.

Supply prospects indicate that Europe will obtain only limited quantities of wheat from the Southern Hemisphere during the current year. Based on December 1 stocks and prospective production it would appear that Australia would have less than 100,000,000 bushels of wheat in excess of probable utilization, compared with 118,000,000 bushels a year ago and 134,000,000 bushels in 1933. If Australia should ship about 50,000,000 bushels to the Orient, it would leave less than 50,000,000 bushels available for European markets. Similarly, Argentina would have only in the neighborhood of 70,000,000 bushels, considering December 1 stocks plus production minus utilization. This figure compares with 171,000,000 a year earlier and 203,000,000 bushels 2 years ago. With Argentina usually supplying in the neighborhood of 40,000,000 bushels to Brazil and other non-European countries, there would be little remaining to ship to Europe from that country.

Wheat stocks in Canada remaining for export or carry-over on December 1 totaled about 263,000,000 bushels compared with 289,000,000 bushels December 1, 1934. In addition, Canadian grain in bond in the United States amounted to 33,000,000 bushels compared with 24,000,000 bushels in 1934. With the wheat stocks upon which European importing countries must draw largely in Canada that country has an excellent opportunity to reduce its surplus this year. According to a recent announcement, that country plans to develop a more active sales policy, although grain interests are assured that there will be no change in policy involving sudden liquidation of the carry-over. The price at which the Canadian surplus will be sold will depend largely upon the merchandising policy pursued and upon the import demand which develops in the various foreign markets. Imports, especially to the United Kingdom, are expected to show some upward trend before long. Such reduction in stocks as Canada does make will result in additional improvement in the general world wheat supply situation. In 1933 stocks in the principal exporting countries were over two and one-half times as large as in the years 1922 to 1927, but by the beginning of the current crop year this had been reduced to about one and two-thirds of the 1922-1927 average.

European imports thus far this season are somewhat below those for the corresponding period of last year. Important import markets have been depending largely upon home marketings and stocks, with the result that these supplies are now dwindling and must be increasingly supplemented and finally replaced by an increase in imports. Such increase in imports as may occur in Europe, however, will be covered or more than covered by the increase in the exports from Russia and the Danube so that the demand for overseas wheat will probably be no greater than last year.

CORN AND OTHER FEEDS

Lateness of the corn crop and unfavorable harvesting weather slowed down the decline of corn prices in November. The seasonal increase in processors' takings of corn and the small market supplies have also been important factors. Some further downward adjustment in corn prices is likely in some areas especially in those where supplies are in excess of livestock feed requirements. Prices of good-quality corn will be well maintained in those states experiencing unsatisfactory harvesting conditions. Oats and barley prices will probably be relatively stronger than corn prices.

Corn prices declined further in November and early December, but at a much slower rate than in October. All classes and grades of corn at five important central-western markets averaged 81.5 cents in the first week of October, 57.5 cents in the week ended November 9 and 52.4 cents per bushel in the week ended December 7. The farm price of corn, November 15, was still relatively high compared with oats and barley, from the standpoint of feed values.

Prices of feed grain products were reduced along with those for corn. From November 10 to December 10 most products made from corn declined 30 cents per 100 or from 7 to 10 percent, while barley and oats products were about unchanged. This results in more normal price relationship among these feedstuffs.

November was generally unfavorable for drying corn in most of the Corn Belt. The Upper Mississippi and Lower Missouri valleys have had much more rain than normal. Cloudy, wet weather in the Western Corn Belt in recent weeks caused crib damage in many places. In southern Illinois less than one half of the corn was cribbed by December 10; this is also true in Kansas. Iowa's corn crop is unusually wet. The adverse harvesting weather has increased the quantity of low-quality corn. Farm stocks of corn, January 1, may be expected to show the extent of fall feeding.

Market receipts of corn increased sharply in November, but those of oats and barley seasonally declined. The November receipts of corn at 13 central-western markets totaled 19,229,000 bushels or more than double those in that month a year ago, and were 16 percent larger than the 5-year (1929-33) November average. The market accumulation of oats and barley has apparently reached a seasonal peak for 1935-36 with stocks of oats on December 7 amounting to 44,856,000 bushels and of barley 18,753,000 bushels. The oats stocks are nearly twice as large, but barley stocks are only about as large, as a year ago.

Wet-process corn grindings for domestic consumption in November totaled 5,630,000 bushels compared with 6,021,000 bushels in October. The October grindings for both domestic consumption and export totaled 6,231,000 bushels, bringing the 1934-35 season total to 56,003,000 bushels compared with 69,896,000 bushels in 1933-34. In 1934-35 the wet-process grindings were 42 percent of the corn sold off of farms compared with 17 percent in 1933-34.

Imports of foreign corn by the United States persist. Arrivals of Argentine corn at Atlantic and Pacific Coast ports in November (November 1 - December 5 or five calendar weeks) totaled 2,006,000 bushels compared with 4,690,000 bushels imported in October. In addition, 1,278,000 bushels of feed wheat, and 190,000 bushels of barley were received. No oats were included among the arrivals. Argentine corn was quoted from spot stocks at San Francisco, December 12 at 76 cents as compared with central-western offerings of No. 2 Yellow at 88 cents per bushel. The continued imports of foreign corn result primarily from the lateness of the domestic crop, unfavorable weather conditions for its harvesting, cribbing and marketing, and the relatively low prices in Argentina where the record 1934-35 crop is being marketed. The narrowing in the price spread between domestic and Argentine corn, together with the influence of the small 1935-36 Danubian exportable surplus will tend to limit or restrict further imports into the United States and divert remaining Argentine corn supplies to Europe. The 1935 European feed crops are smaller than those for 1934 and average.

FLAXSEED

Prices of flaxseed in United States markets, after declining in the early part of the 1935-36 season, as a result of the larger domestic crop, advanced sharply in September to a level which was well maintained in October, November, and the first week in December. The increased domestic utilization of linseed oil as a result of the improved business and building activity, together with a prospective reduction in the 1935-36 Argentine flaxseed crop more than offset the influence of the larger United States crop and the increased importations of foreign seed. At the beginning of the current season (August 1) No. 1 flaxseed was quoted at Minneapolis at 167.5 cents per bushel. By August 19, the price reached a seasonal low to date of 148.4 cents. The sharp advance in September carried No. 1 flaxseed to the 180-cent level. The October and November average prices were close to this figure. This level of prices, however, is slightly under a year ago when the November average of No. 1 flaxseed at Minneapolis was 185.6 cents per bushel. The United States farm price on August 15 was 134.5 cents; on September 15, 135.3 cents; on October 15, 151.8 cents; and on November 15, 153.2 cents.

Prices in foreign flaxseed markets also advanced during the past 4 months (August - November) but the gains were somewhat less than those in the United States. No. 1 seed at Winnipeg reached a low of 120.0 cents on August 13, and averaged 139.2 cents in October, and 139.9 cents per bushel in November. Early delivery seed at Buenos Aires advanced from an average of about 100 cents in July to 102.6 in August, and 109.8 cents in September. The termination of the drought early in October weakened Argentine flaxseed prices which receded from 118.4 cents on October 5 to 103.8 cents early in December. The Argentine Government issued a decree December 13 fixing the minimum price of flaxseed at 1.16-3/4 cents per bushel. Prices advanced sharply at Buenos Aires, Winnipeg, and Minneapolis on that day.

With the United States on an import basis, world supply and demand conditions normally account for a very large proportion of the changes in domestic prices. From present indications world supplies of flaxseed for 1935-36 will be smaller than last season with the sharply increased production in the United States and larger harvest in Europe likely to be more than offset by the materially smaller prospective crop in Argentina. Nearly average yields on a materially larger acreage than was harvested last season produced a United States crop of 14,213,000 bushels compared with 15,961,000 bushels, the 5-year (1928-32) average. The increase in acreage was mostly in North Dakota and South Dakota. Production in the European countries reporting to date was 5,363,000 bushels compared with 3,335,000 bushels harvested in the same countries last year. Weather conditions were unfavorable in Argentina up to early October. The breaking of the drought by rains and the subsequent warm weather improved crop prospects, but an outturn as large as last year (79,720,000 bushels) is exceedingly unlikely. The crop is 2 weeks to a month late. Sowing of the new crop in India was reported progressing under favorable conditions with an average acreage in prospect.

Supplies of flaxseed in the United States at the beginning of the 1935-36 season (August 1) totaled about 16,271,000 bushels. This includes this year's crop and the carry-over of old-crop seed of 2,058,000 bushels. If 900,000 bushels are estimated for seed requirements and farm disappearance, about 15,371,000 bushels remained for commercial use on that date. However, despite these increased supplies of domestic seed, imports during the period July - October were nearly double those in these months last year and totaled 4,691,000 bushels. Crushings of seed during the quarter totaled 5,998,000 bushels, leaving supplies of 14,064,000 bushels on October 1 compared with 5,049,000 bushels on that date a year ago. Crushing during the last 9 months of the 1934-35 season exceeded the October 1, 1935 supply by several thousand bushels, and with the prospective heavier utilization of linseed oil this season, further imports of flaxseed by the United States are likely. Imports during October aggregated 930,000 bushels.

Production of linseed oil in the United States during the quarter July - September increased with the heavier crushings of flaxseed, but the disappearance increased more than 10,000,000 pounds over that of the corresponding quarter last season, and crushers' stocks of linseed oil on October 1 were somewhat smaller than a year ago. Production of other drying oils during the July - September quarter was slightly in excess of that of last season.

Building activity during November showed a continuation of the substantial gains of the preceding months in comparison with 1934, although the value of contracts awarded, declined seasonally from the October average. Construction contracts awarded in 37 States were 45.3 percent of the 1923-25 average in the week ended November 23 compared with 49.6 percent for the week ended October 26 and 30.9 percent for the week ended November 24, 1934. The October sales of paint, varnish and lacquer products by 579 reporting establishments were $32,853,000 compared with $23,652,000 in October 1934 and $18,614,000 in October 1933.

Seedings of the California flaxseed crop is late but it will probably be completed early in January. Trade reports indicate an area between 50,000 and 60,000 acres compared with 40,000 acres harvested last spring. Conditions appear more favorable than a year ago with irrigation water supplies in the Imperial Valley more plentiful and much less weed infestation in the San Joaquin and Sacramento Valleys. Heavy weed infestation caused considerable abandonment last season in the San Joaquin Valley.

TOBACCO

Markets for Burley tobacco, type 31, opened at Lexington, Kentucky, on December 2, and at other markets on December 3, at prices somewhat above those for the opening week in 1934. Producers sales for the first week on auction warehouse markets totaled approximately 26,000,000 pounds, at an average price of 19 cents per pound, compared with sales of about 14,000,000 pounds for the opening week last year at an average price of 18.3 cents per pound. If prices during the remainder of the season show changes comparable to those for previous seasons, the average for the crop will be between 17.5 and 18 cents per pound.

Total supply of Burley tobacco as of October 1 was 1,017,000,000 pounds. This is a reduction of approximately 3.5 percent from the supply a year earlier and 7 percent from the supply 2 years earlier. Stocks on October 1 amounted to approximately 769,000,000 pounds, farm sales weight, and the crop was estimated on November 1 at 248,000,000 pounds.

The domestic consumption of Burley tobacco for the 12-month period ended September 30, 1935, was around 271,000,000 pounds. This is a small increase from each of the 2 previous years. About 52 percent of the domestic consumption is in the manufacture of cigarettes; 35 percent in the manufacture of smoking tobacco, and 13 percent in the manufacture of chewing tobacco. Tax-paid withdrawals of cigarettes for the 12-month period totaled 130,915,000,000 compared with 120,000,000,000 for the previous crop year and 111,000,000,000 in 1932-33. The production of smoking tobacco in 1934-35 was about 2.5 percent above that of the previous year and about 1.5 percent below that of 1932-33. The production of the kinds of chewing tobacco in which Burley is used was approximately the same as in each of the 2 previous years.

The dark air-cured tobacco markets opened the last week of November with prices for Virginia sun-cured, type 37, somewhat above those of last year but substantially below last year's averages for one sucker, type 35, and Green River, type 36. To December 6, approximately 2,700,000 pounds of Green River and one sucker had been sold at an average of 5.8 cents per pound, compared with 1,413,000 pounds sold at 8.4 cents per pound in the first week of the 1934 season. Sales of Virginia sun-cured for the 1935 season to December 6 were around 60,000 pounds, at an average of 11 cents per pound.

Total supply of dark air-cured tobacco as of October 1 was approximately 107,500,000 pounds. This is the smallest supply of dark air-cured tobacco of record. Stocks on October 1 totaled 69,700,000 pounds, farm sales weight, compared with 73,000,000 pounds the previous year and 79,000,000 pounds the second preceding year. The crop was estimated on November 1 at 37,785,000 pounds.

The domestic consumption of dark air-cured tobacco for the crop year ended September 30, 1935, was about 28,000,000 pounds. This is about 40 percent below the level of consumption 10 years earlier. At present, nearly 50 percent of the dark air-cured tobacco consumed domestically is used in the manufacture of chewing tobacco; 45 percent in smoking tobacco, and 5 percent in the manufacture of snuff.

Exports of dark air-cured tobacco, which have shown marked declines in recent years, increased nearly 40 percent from the low level of the previous year. The present level of exports of dark air-cured tobacco is approximately 75 percent below that of 10 years ago. Dark air-cured tobacco is used to a large extent in the preparation of an export tobacco product known as black fat. Around three-fourths of the leaf tobacco used in the preparation of this product is dark air-cured. Exports of black fat for the past year were higher than for any other recent year except 1931-32.

POTATOES

Market prices of potatoes weakened slightly in the latter part of November, but recovered some of the loss during the first week of December. Prices at the more-distant shipping points declined sharply from the high levels in early November, while those in the near-to-market areas receded only slightly. Shipments have been comparatively light during recent weeks, as most markets have had heavy supplies on track, and growers and shippers have resisted price recessions.

The present supply situation remains somewhat uncertain, since no definite information concerning the full extent of the early freeze damage is as yet available. On the basis of present indications as to the supply of potatoes available for market during the next 3 months, potato prices may be expected to remain at about present levels.

Potato prices at New York declined from $1.86 per 100 pound sack, l.c.l. basis, for the first week of November to $1.74 for the last week of that month but advanced to $1.78 for the first week of December. A year ago they averaged 97 cents per 100-pound sack. At Chicago potato prices declined from $1.43 to $1.36 per 100-pound sack (car-lot basis) in November, but recovered to $1.38 during the first week of December. At the same market, nearby Round Whites were steady at $1.19 per sack throughout November and the early part of December. A year ago all potatoes at Chicago averaged 98 cents and Round Whites 80 cents per 100-pound sack. Shipping-point prices also weakened during the last 30 days, with those at the more-distant stations making the greatest declines, as indicated in the following table.

Potatoes: Shipping point prices, 1934 and 1935

Locality	F.o.b. per 100 lb. sack: Week ended			Cash to grower bulk per 100 pounds		
	Dec. 7, 1935	Nov. 9, 1935	Dec. 8, 1934	Dec. 7, 1935	Nov. 9, 1935	Dec. 8, 1934
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Presque Isle, Me.	1.12	1.40	.42	.97	1.16	.25
Rochester, N. Y.	1.22	1.31	.56	.97	.88	.53
Benton Harbor, Mich.	1.04	1.05	.60	---	.72	.38
Waupaca, Wis.	.98	.92	.57	.70	.60	.37
Idaho Falls, Idaho	1.06	1.23	.72	.81	1.04	.52

The United States farm price of potatoes averaged 62.6 cents per bushel on November 15, against 46.1 cents on October 15, 45.9 cents on November 15, 1934, and 61.4 cents the November average for 1909-1913. Farm prices in the late surplus potato states ranged from 29 cents in Minnesota and 75 cents in New York State.

Shipments of potatoes during recent weeks have been comparatively light. The late surplus states shipped only 51,000 cars to December 7, 1935, compared with 61.500 cars to the same time in 1934. (The final crop report for 1935 is scheduled for release on December 18).

HOGS

Hog prices made considerable recovery in November following their seasonal decline in September and October. Although prices may show some further improvement or hold near present levels during the next few weeks, some recession is not unlikely to occur during the late winter, when increased marketings are to be expected.

The weekly average price of hogs at Chicago rose from $9.08 per 100 pounds in the first week of November to $9.75 in the first week in December after having declined nearly $2.00 from late September to the end of October. The November average price at that market was $9.31 compared with $9.83 in October and $5.66 in November last year. Prices of packing sows advanced relatively more than those of other hogs during November, thus causing a narrowing of the price spread on all weights and grades.

Hog slaughter under Federal inspection increased seasonally from October to November but relatively not as much as it did a year earlier. The total of 2,42?,000 head was about 13 percent larger than that in October but was 44 percent smaller than the November slaughter of the previous year and 42 percent less than the 5-year average for the month. The decrease from a year earlier was relatively about the same as that of other recent months. Average weights were seasonally lighter than those in October but were somewhat heavier than the very light weights of a year earlier, when feed supplies were unusually small. The November average at the seven leading markets of 232 pounds was 10 pounds lighter than the October average but was 25 pounds heavier than that of November 1934.

Corn prices declined during November while hog prices were advancing, thereby causing the hog-corn price ratio based on Chicago prices to rise from 14.5 the first week in November to 16.6 the first week in December. In early December last year the ratio was 5.9.

Wholesale prices of fresh pork, following their sharp drop in October, made considerable recovery in the middle of November as a result of relatively small supplies on the market and favorable temperatures for the consumption of pork. Bacon prices declined at New York and held steady at Chicago, while ham prices were generally about steady in both cities. Lard prices dropped sharply early in the month, the decline being largely an adjustment to a new storage season basis. The composite wholesale price of all hog products at New York was $23.50 per 100 pounds in November compared with $24.60 in October and $15.90 in November last year. The index of retail prices of hog products in that city on November 30 was 99.5 compared with 101.6 on October 31 and 67.6 on November 30, 1934 (1924-1928 = 100).

A small seasonal increase in storage holdings of pork occurred during November, while stocks of lard made a further seasonal reduction. The increase in pork amounted to approximately 12,000,000 pounds or 5 percent while the decrease in lard was about 3,000,000 pounds or 8 percent. Total pork holdings on December 1, amounting to 253,000,000 pounds, were 56 percent less than that of a year earlier and 45 percent smaller than the 5-year average for that date. Lard stocks, totaling nearly 38,000,000 pounds, were 64 percent less than those of a year earlier and 41 percent less than the 5-year December 1 average.

Exports of pork and lard in October, like those of previous recent months, continued at a much lower level than a year earlier. Those of pork were about the same as in September but were only about one half as large as in October last year. Lard exports, although larger than in September, were equal to only about 10 percent of the relatively small exports in October 1934. Shipments from the principal ports in November also were much below those of a year earlier.

Ordinarily, the seasonal decline in hog prices which occurs in the fall continues through November and prices reach their winter low point in December. This year, however, slaughter supplies were unusually small throughout November, showing little change from week to week and a smaller than usual increase over October, with the result that prices started upward from 4 to 6 weeks earlier than usual. Price movements thus far this marketing year have been similar to those which occurred in the 1910-11 year, when the hog supply situation was somewhat like that of this year. Prices in the 1910-11 marketing year advanced about $1.00 per 100 pounds from late November to the first week in January and then declined about $2.00 during the period from January to the beginning of May. The economic situation in the 1910-11 year, however, was somewhat different from that of the present in that business conditions were on a downward trend during most of 1911, whereas an upward trend is now in progress.

The supply of hog products for this winter (including storage stocks as of December 1 and production from December-February slaughter) is expected to be from 20 to 25 percent less than that of a year earlier. The supply of products from hogs slaughtered during the 4 months March-June 1936, however, is expected to be from 30 to 35 percent larger than in the corresponding period of 1935. The unusual distribution of supplies this year will tend to prevent the seasonal price advance that usually occurs in the late winter and early spring; but the expected continued improvement in consumer demand for hog products; together with the small supplies of products in storage, will offset, in part at least, the depressing effect of increasing slaughter supplies on hog prices during that period.

CATTLE

The number of cattle fed for market during the winter of 1935-36 is expected to be materially higher than the number fed a year earlier. Available information indicates increased feeding operations in nearly all of the Corn Belt States and also large relative increases in nearly all of the Western States. The large quantities of soft and poor quality corn generally over the Corn Belt and the low prices offered for such corn are inducing many farmers to feed cattle to utilize it. In most years when cattle feeding was expanded to furnish an outlet for soft corn, there was a heavy run of short-fed partly finished cattle during January and February. A similar situation is probable during the early months of 1936. Some weakening in prices of medium and low good grades of beef steers seems likely during the next few months, but the prices of the better grades may be fairly well maintained because of very limited supplies, and the prices of common beef steers and butcher cattle may be supported by the continuing small supplies of hogs. A further improvement in consumer demand for all meats during the next 6 months also seems likely.

Cattle prices weakened during the first half of November, and for the week ending November 16 the average weekly price of beef steers at Chicago was the lowest since early August. The decline was most marked with medium and good grades and least with common and choice. All of the decline in the first half of the month was more than regained during the second half, and for the last week in November the average weekly price of choice steers was the highest since May and other grades were higher than a month earlier. Prices of butcher cattle during November followed somewhat the same trend as of beef steers. Veal calf prices, reflecting the advancing lamb market, reached the highest levels of the year at the end of November. Prices of stocker and feeder cattle weakened somewhat in November and the average monthly prices were the lowest since July. The average price of beef steers at Chicago for November was $9.97, compared with $10.38 for October and $7.28 for November 1934. The November 15 farm price of beef cattle was $6.05, compared with $6.24 on October 15 and $3.81 on November 15, 1934.

Supplies of cattle in November continued larger. Receipts at seven leading markets were 5 percent larger than in November 1934 and 8 percent above the 5-year November average. Inspected slaughter of 956,000 head was 7 percent larger than commercial slaughter in November 1934 and 36 percent larger than the 5-year November average and the largest for the month in 16 years. Slaughter of calves of 480,000 head was the same as commercial slaughter in November 1934 but was 22 percent above the 5-year average. On the other hand, the receipts of all beef steers and of good and choice grades at Chicago were the smallest for the month since 1922. The slaughter supply continued to be made up of an unusually large proportion of cows and low grade cattle. The strong demand for boneless beef for sausage making and for canning held up the price of lower grade animals and the short supply of better grade beef cattle tended to hold up the prices of these. A continuing strong demand for stocker and feeder cattle supported the prices of lower grades of steers.

POULTRY AND EGGS

Market prices of eggs reached early in November what will probably be their seasonal peak and have declined into December. Storage stocks are above those of last year but are about average. Receipts of eggs, however, were above those of a year ago and are likely to continue on a higher level for several months. In view of this supply situation, egg prices this winter are not likely to be maintained at the high level relative to the usual seasonal movement that prevailed in January and February 1935.

With relatively short receipts, poultry prices have advanced, whereas there usually is a seasonal decline to December, followed by an advance. With light receipts in prospect, prices in early 1936 may be on a higher level than they were last winter. In the case of both poultry and eggs further improvement in general business conditions will tend to increase prices relative to those of the same period a year earlier.

The market price of special packed mid-western eggs at New York averaged 35.6 cents per dozen in November compared with 36.4 cents in November 1934. Farm prices on November 15 averaged 30.1 cents, however, as compared with 28.6 a year earlier. The farm price of chicken rose 0.2 cents per pound to average 15.9 cents on November 15. On November 15, 1934 it was 11.7 cents.

Receipts of eggs at the four markets in November were 581,000 cases compared with 522,000 cases a year before and a 5-year average of 521,000 cases. These are the largest receipts on record for the month. Receipts during the winter will probably continue to exceed the figures of a year earlier.

Receipts of dressed poultry at the four markets in November were 59,900,000 pounds compared with 62,200,000 pounds a year before and a 5-year average of 68,100,000 pounds. In no recent year have November dressed poultry receipts been as low as this. The relative shortage compared with the 5-year average will probably continue throughout the winter, though it is not likely to be as exceptional as in November.

Storage holdings of case eggs on December 1 were 2,738,000 cases compared with 2,380,000 cases a year ago and a 5-year average of 2,764,000 cases. Eggs "out of storage" this season have not generally sold at a price sufficient to cover into-storage prices and carrying costs. This situation may have a depressing tendency on spring prices.

Storage stocks of frozen poultry on December 1 were 85,800,000 pounds compared with 105,600,000 pounds a year ago and a 5-year average of 92,200,000 pounds.

BUTTER

Butter prices have probably about reached the seasonal high for the winter. The decline in prices from the winter peak until midsummer will probably be decidedly less than last year, and prices during the coming summer will probably average higher than in the summer of 1935. The relatively wide margin between present prices and prices in midsummer indicates a favorable season for storage operations and a good storage demand during the coming summer. The recovery in business and employment also indicates a better consumer demand. The decline in cow numbers together with some improvement in city consumption of fluid milk would seem to indicate that butter production will not be exceptionally large as compared with other recent years.

There was more than the usual seasonal increase in butter prices from October to November. The price of 92-score butter at New York in November averaged 32.3 cents; this was 2.9 cents higher than a year earlier and the highest for the month since 1930. The price in November averaged 4.2 cents higher than in October. The relatively low production, the sharp decline in storage stocks, and better demand were the principal factors accounting for the rise in prices. Since mid-November, prices have fluctuated between 33 and 34 cents, and it is probable that prices have about reached the winter peak.

The farm price of butterfat in mid-November of 29.9 cents was 4 cents higher than a month earlier. While butterfat prices in November were somewhat low in relation to feed grains, beef cattle, and hogs, as compared with the 1920-1934 November average, present price relationships are not as unfavorable for dairy production as in the early fall.

Estimated production of creamery butter in October of 119,600,000 pounds was 11 percent less than a year earlier and the smallest for the month since 1929. In the East North Central States production was down 10 percent and in the West North Central States 13 percent. In each section of the country production was less than a year earlier. Low prices of butterfat in relation to other products has tended to reduce production. With more plentiful feed supplies than a year ago and with some improvement in prices of butterfat compared with other products, it is probable that this marked decrease in butter production compared with a year ago will not continue. Production during the early part of 1936 will probably exceed the same period of 1935.

Even though production of butter in October was low, apparent consumption of butter was slightly larger than a year earlier and the second highest on record for the month. This relatively high trade output was due in part to Government distribution of butter for relief. Retail prices of butter in October were 4 percent higher than a year earlier. The changes in retail prices and in trade output through regular commercial channels indicate an increase of 2 percent in consumer expenditures for butter.

The out-of-storage movement of butter has been heavy, and stocks on December 1 were 72,000,000 pounds compared with 81,000,000 a year earlier and the 5-year average of 77,000,000 pounds.

Domestic butter prices have increased while New Zealand butter in London has declined, and the margin in early December was 13.7 cents compared with 8.0 cents a month earlier and 1.4 cents 2 months earlier. The margin between domestic and foreign prices is usually widest in December.

CHEESE

Cheese prices have increased at a season of the year when there is usually little change in prices. The continued heavy consumption of cheese and the rise in butter prices are the principal factors accounting for the increase, as cheese production is unusually heavy and stocks are large. In early December the price on the Wisconsin cheese exchange probably about reached the winter peak. It seems probable that prices during the first half of 1936 will average higher than in the same period of 1935.

In the recent trade treaty with Canada the tariff on cheddar cheese in original loaves was reduced from 7 cents to 5 cents per pound. No limit was set as to the volume of imports under the reduced rate; but the margin between New York and Montreal prices in recent months has probably not been wide enough to stimulate imports, even with the reduced duty.

The price of cheese (twins) on the Wisconsin cheese exchange in November averaged 15.1 cents, nearly a cent higher than in October and 2.8 cents higher than a year earlier. By late November, however, the price had risen to 17.0 cents, which was the highest price for the year.

Cheese production in October reached a new high for the month, being 16 percent larger than the preceding high and 50 percent above the 1925 to 1929 October average. In Wisconsin, the production of American cheese in October was about one third larger than a year earlier. Relatively high prices of cheese as compared with butter have stimulated cheese production.

Trade output of cheese in October of 62,500,000 pounds was 4.5 percent larger than a year earlier and a new high for the month. The retail price of cheese in October was 12.6 percent higher than in October 1934. These changes indicate an increase of 18 percent in consumer expenditures for cheese and the highest for the month since 1929.

The general level of retail food prices increased 38 percent from April 1933 to October 1935. Retail prices of cheese increased 28 percent in the same period, whereas meat prices increased more than the general level of all food prices. The smaller increase in prices of cheese has tended to stimulate its consumption.

Storage stocks of cheese on December 1 were 93,000,000 pounds compared with 97,000,000 pounds a year earlier and the 5-year average of 77,000,000 pounds.

Imports of cheese in October were somewhat larger than a year earlier, but total imports for the year are about the same as in the same month of 1934.

LAMBS

Lamb prices advanced steadily during November and a further advance in the next 2 months seems probable. In the latter part of November the top on slaughter lambs at Chicago passed the $11.00 mark for the first time since July 1930, and the general average of lamb prices for the month was the highest for November since 1929. Prices of slaughter ewes and yearlings also advanced to new high levels for the month in 6 years. While the prices of feeder lambs also advanced, the spread between feeder and fat lamb prices was wider during November than it had been since August. For the last week of November, the average weekly prices of good and choice lambs at Chicago was $10.99 compared with $6.95 the corresponding week in 1934. The November 15 farm price of lambs this year was $7.57 compared with $7.38 October 15 and $4.84 November 15, 1934.

Supplies of lambs and sheep in November continued large. Inspected slaughter of 1,407,000 head was over 5 percent larger than commercial slaughter in November 1934 and 2 percent above the 5-year November average, and was the third largest for the month on record. As in preceding months, the slaughter in November included a larger proportion of ewes and yearlings and a smaller proportion of lambs than for some years. The strong and advancing prices of lambs and sheep in November in face of these large supplies is in rather marked contrast to the situation during the first

half of 1935, when lamb prices were relatively low in comparison to cattle and hog prices and when slaughter supplies were relatively no larger than they were in November. This improvement in the lamb market situation has resulted in part from the increase in wool prices, which has advanced the value of pelts, and partly from the improved consumer buying power in the areas which and among the classes of people who are the largest consumers of lamb.

While the number of fed lambs for slaughter during the present fed lamb season, December 1 to May 1, is expected to be smaller than in the preceding season, this decrease will not be as large as appeared probable earlier. Latest indications are that there will be more lambs fed in the feeding areas in the Western States this year than last and that some of the Corn Belt States will feed more lambs than last year. The early lamb crop in California is expected to be larger in 1936 than in 1935 and feed conditions are fairly favorable for development of the early lambs. With the excellent feed situation in the principal sheep area of Texas, it is likely that there may be a considerable movement of grass fat sheep and yearlings from that State during the early spring. Hence the total supply of sheep and lambs for slaughter during the first 4 months of 1936 may be only moderately smaller than during the corresponding period of 1935.

WOOL

The upward trend in wool prices in both domestic and foreign markets continued through November, as activity in the wool manufacturing industry remained at a high level in the United States and Europe. Domestic prices of wool have been advancing since last April and domestic mill consumption has increased almost steadily since September 1934. This period of increasing consumption has been about the longest in the last 18 years for which consumption records are available. In view of the probable increase in supplies of finished wool materials on hand, it seems unlikely that mill consumption in 1936 will be maintained at the high level of the present year. But, in view of the large mill consumption of wool in 1935, stocks of wool in this country at the beginning of 1936 will be very small and larger imports than a year earlier may be necessary. Because of this necessity for increased imports, the decrease in world supplies of wool and the improvement in foreign demand conditions may tend to offset the effect of the decrease in consumption upon domestic wool prices next year.

Prices at the last series of the London wool sales in 1935, which closed December 6, were from 5 to 10 percent higher than at the close of the preceding series in early October. Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 84 cents per pound, scoured basis, for the week ended December 7, compared with 83.5 cents a month earlier and 69 cents a year earlier. Territory 56s at Boston averaged 74.5 cents per pound, scoured basis, for the week ended December 7, while for the week ended November 9 the average was 72.5 cents. In early December last year the weekly average price of territory 56s was 64 cents per pound. The United States average farm price of wool on November 16 was 22.6 cents per pound compared with 21.3 on October 15 and 19.2 on the corresponding date in 1934. Since April of this year the farm price of wool has risen about 6 cents per pound.

Consumption of apparel wool by United States mills increased materially in October. For the 4 weeks ended October 26 the Bureau of the Census reports that mill consumption of apparel class wool was 29,565,000 pounds, scoured basis, the largest reported for any month since May 1923. The weekly average rate of consumption in October was 7,391,000 pounds, scoured basis, compared with 5,799,000 pounds in September and 3,200,000 pounds in October 1934. For the first 10 months in 1935 domestic mill consumption of apparel wools totaled 248,600,000 pounds, scoured basis, compared with 127,700,000 pounds in the same months of 1934. Reports indicate that domestic mill activity was fairly well maintained in November. Activity in the wool manufacturing industry in the United Kingdom has shown a steady improvement throughout 1935. The percentage of unemployed workers in the British wool textile industry was lower in October than for any month since the first half of 1928. Some improvement in the wool industry in 1935 has also occurred in important continental European countries except Italy.

Imports of combing and clothing wool in the United States in October were larger than for any month since March 1934. Such imports totaled 3,924,000 pounds compared with 1,832,000 pounds in September and 1,578,000 pounds in October last year. For the period January to October 1935 imports of combing and clothing wool totaled 19,272,000 pounds and imports of carpet wool were 145,319,000 pounds, while in the same period last year 19,660,000 pounds of combing and clothing wool and 78,790,000 pounds of carpet wool were imported. Reports from abroad indicate fairly large purchases of wool for American account in the last 2 months. Domestic prices of most grades of wool this fall have been at or near an importing basis.

The quantity of wool available for disposal in 1935-36 in the five important wool-producing countries of the Southern Hemisphere now appears to be about 8 percent below that of last year and 10 percent below the 5-year average. Despite these smaller supplies, wool exports from Southern Hemisphere countries in recent months have been somewhat larger than a year earlier because of more favorable demand conditions in wool-importing countries.

COTTON

The average price of Middling 7/8 inch in ten markets rose rapidly from slightly over 11 cents during the first half of November to a level nearly 1 cent higher toward the end of the month, but receded to about 11-1/2 cents on December 11. World consumption of American during the first quarter of the 1935-36 season has proceeded at a rate considerably higher than that of last season, according to estimates of the New York Cotton Exchange Service. The lower consumption in foreign countries has been more than offset by the increase in consumption in the United States from a year earlier when consumption was unusually low due, in part, to the textile strike. The prices of nearly all foreign growths at Liverpool advanced relative to American in November compared with a month earlier, some of them reaching a higher position relative to American than has existed for many months. This probably contributed to the comparatively

large domestic exports. Cotton consumption in the United States was the highest for November since 1932, reflecting an increasing industrial and retail demand, Government purchases, and the existence of a large volume of reserve orders. October and November consumption of American in foreign countries increased relative to that of a year earlier but the total for the first 3 months of the current season was somewhat less than from August to October 1934.

Domestic cotton prices rose rapidly during the first half of November with the daily average price of American Middling 7/8 inch cotton in the ten designated markets advancing from an average of 11.12 cents a pound in the week ended November 2 to an average of 11.97 for the week ended November 17. The rapid advance in the price of spot cotton in the first half of November was not accompanied by a similar rise in futures contracts and by November 20 the price of October futures at New York was about 1 cent below the spot price at the ten designated markets, indicating a relative shortage in the available supplies of spot cotton. From November 14 to December 7 the price remained fairly steady, fluctuating within a few points of 12 cents, but by December 11 had receded to 11.5 cents. The average price in November of 11.98 cents was more than 1 cent higher than October and 1-1/2 cents higher than September. Prices received by producers also increased from October to November, whereas prices farmers pay declined somewhat. The prices of most foreign growths at Liverpool continued to advance at a rate faster than American cotton in November with prices of Peruvian and Brazilian growths relatively higher than at any time since the 1933-34 season. The advance in Liverpool prices of Egyptian and Indian cotton relative to American may be partially due to increased freight and insurance rates for ships passing through the Mediterranean.

Exports of cotton from the United States in November amounted to over 1,100,000 running bales indicating more than a seasonal increase. This was 98 percent greater than in November last year, 24 percent greater than in November 1933, and nearly 60 percent greater than exports in October of this season. Although total exports for the first 4 months of the current season exceeded those of last season by 36 percent, they were still 23 percent less than for the same period in 1933, over 20 percent less than for the 10-year average ended 1932-33. Exports of American to Great Britain, France, Germany, and Belgium account for most of the increase in exports for November and the season. Although exports to Japan in November exceeded those of a year earlier, total domestic cotton exports to Italy, Japan, and China during the first 4 months of the season lagged behind those of the same months in 1934. Exports of Indian continued low during the first 4 months of this season compared to exports for the same period in 1934, according to the Commercial and Financial Chronicle. Exports from Egypt increased sharply in the first 4 months to place the volume for the current season about 20 percent above that for the same months last year, according to official sources.

Domestic cotton consumption in November is reported by the Bureau of the Census at about 508,000 bales. This is 8 percent less than October, 6 percent greater than consumption in November 1934 and the largest consumption for the month since 1929. Consumption for the first 4 months of the 1935-36 season is 12 percent larger than for the same period last season but 7 percent less than for the same period in 1933-34. Although there was a slight lull in domestic cotton consumption during the middle of November mill activity showed marked improvement particularly during the last 2 weeks of the month. Maintained high levels of retail and wholesale distribution of finished goods; a high and rising level of industrial production, especially in the automobile industry; moderate stocks of unsold goods; a large backlog of orders; and Government purchases all help to explain this increase during November and may help sustain activity during the normally quiet month of December.

Foreign consumption of American during the first 3 months of this season lagged behind that of a year earlier, according to trade estimates, but in the months of October and November has probably not been as low relative to the same period in 1934. British mills are reported to be well sold ahead, and will probably continue to use American at a rate materially higher than last season. Increased freight and insurance rates on Egyptian and a Brazilian crop of rather unsatisfactory quality according to Consular reports may tend to make consumption of American by the Continent compare more favorably with last season than it did in the August - October period which showed about a 4 percent decrease below that of 1934-35. Germany has imported a considerable quantity of American cotton. Mill activity in Italy is sagging because of inadequate supplies of raw material. In October Japanese mills continued active and exports of piece goods increased.

The 1935-36 domestic crop estimate as of December 1 is 10,734,000 bales of 500 pounds gross, a further reduction in the crop of 407,000 bales from the November forecast. With the exception of last year's crop this is the smallest since the 1923-24 season. With a world carry-over of American set at 9,000,000 bales, the total supply for 1935-36 is estimated at 19,700,000 bales or about 500,000 bales less than the supply of American last season. The estimate of foreign production remains at the high level indicated a month ago with increased crop prospects in Egypt, Mexico and some of the smaller countries offsetting some prospects of some reduction in the estimates for Brazil, China and possibly a few of the smaller producing countries. Owing to a reduced carry-over, however, the total foreign supply is now expected to be substantially the same as that of the 1934-35 season. The prospective total world supply of all growths in 1935-36 therefore, is somewhat less than a year earlier.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices received by farmers 3/	Commodity prices: United States: Wholesale 4/		Commodity prices: Foreign 5/: In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923-1925 = 100				1910-1914 = 100	1926 = 100			
1919	83	97	107	213	202	139	---	5.42	100
1920	87	117	108	211	225	154	---	7.37	90
1921	67	76	82	125	142	98	---	6.53	74
1922	85	81	91	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	98	---	3.90	100
1925	104	101	99	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	96	4.01	176
1928	111	102	99	149	141	97	96	4.71	226
1929	119	109	105	146	139	95	94	5.74	311
1930	96	89	92	126	126	86	84	3.56	236
1931	81	68	77	87	107	73	74	2.58	139
1932	64	46	64	65	95	65	68	2.58	65
1933	76	48	69	70	96	66	68	1.63	84
1934	79	62	79	90	109	75	69	1.00	98
1933 -									
Mar.	59	37	59	55	88	60	66	3.06	58
1934 -									
Oct.	74	61	78	102	112	76	69	.88	94
Nov.	74	60	77	101	112	76	69	.88	99
Dec.	86	63	78	101	112	77	69	.88	102
1935 -									
Jan.	90	64	79	107	115	79	70	.88	103
Feb.	89	69	81	111	116	80	70	.88	103
Mar.	88	71	82	108	116	79	69	.88	100
Apr.	86	71	82	111	117	80	69	.81	106
May	85	68	81	108	117	80	70	.75	114
June	86	66	80	104	116	80	69	.75	117
July	86	65	80	102	116	79	69	.75	123
Aug.	87	70	82	106	118	80	70	.75	127
Sept.	89	72	84	107	118	81	71	.75	132
Oct.	94	75	85	109	118	80	72	.75	135
Nov.				108	118	80		.75	144

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ Harvard Economic Service, average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

- - - 0 - - -